

Idaho Economic Forecast

C.L. "Butch" Otter, Governor

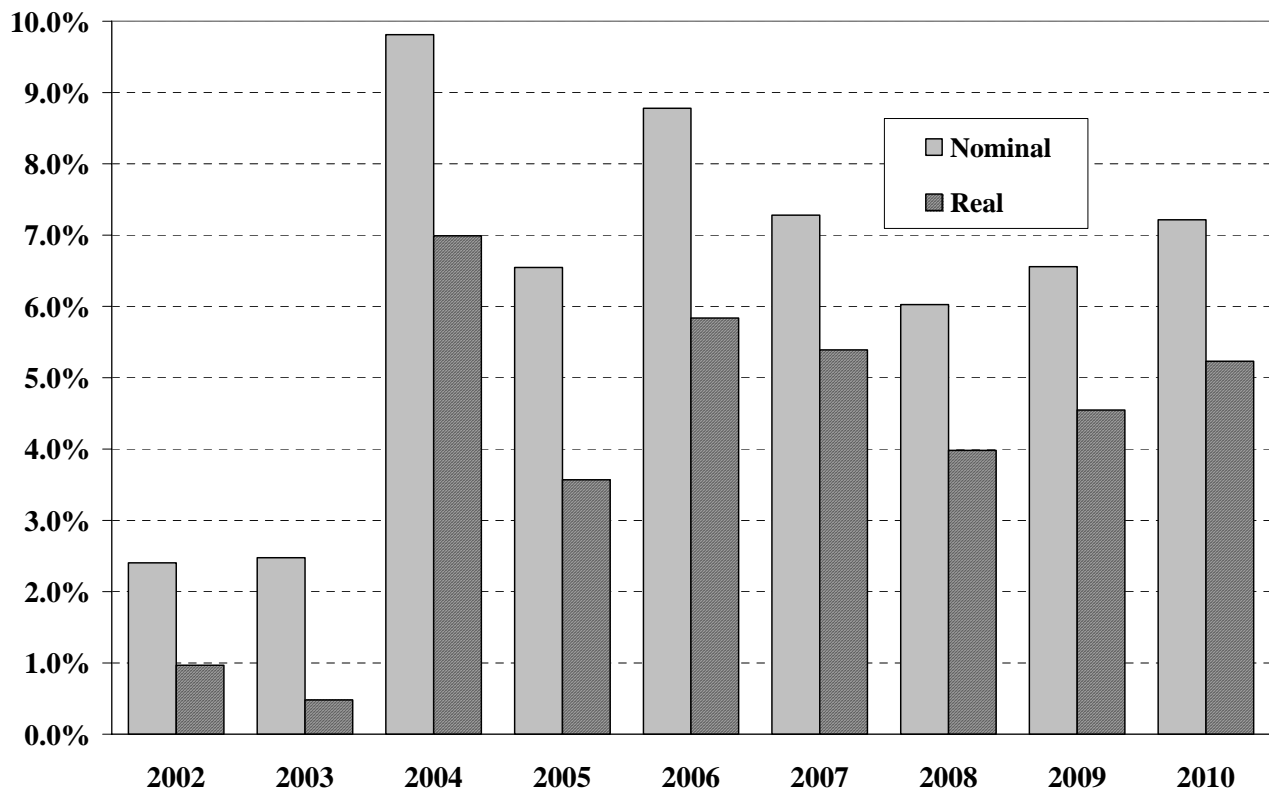
Division of Financial Management

Vol. XXVIV, No. 1
January 2007

ISSN 8756-1840

- Forecast 2006-2010
- The Rise in Homeownership
- Alternative Forecasts

Idaho Nominal & Real Personal Income Growth



**IDAHO
ECONOMIC
FORECAST
2006 - 2010**

State of Idaho
C.L. “BUTCH” OTTER
Governor

*Costs associated with this publication are available
from the Division of Financial Management
in accordance with Section 60-202, Idaho Code.*

01-07/385/010200-180-4001

PREFACE

Idaho's economy continues to grow and evolve as it enters the 21st Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded in every year and has consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit card companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. This continuing dependence on natural resources will bring a host of challenges to Idaho.

Other factors that are external to the state's economy will also present challenges to decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

Division of Financial Management

700 W. Jefferson, Room 122

P.O. Box 83720

Boise, Idaho 83720-0032

Economic Analysis Bureau

Michael H. Ferguson, Chief Economist

Derek E. Santos, Economist

(208) 334-3900

TABLE OF CONTENTS

Preface.....	iii
Introduction.....	2
Executive Summary	5
Idaho and U.S. Forecast Summary Tables.....	6
Forecast Description:	
National.....	8
Idaho	14
Forecasts Comparison.....	20
Alternative Forecasts	22
Feature Article	
The Rise in Homeownership	25
Forecast Detail	29
Annual Forecast	30
Quarterly Forecast	44
Appendix.....	59
Global Insight U.S. Macroeconomic Model.....	60
Idaho Economic Model.....	62
Equations	64
Endogenous Variables	68
Exogenous Variables	70

INTRODUCTION

The national forecast presented in this publication is the December 2006 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the October 2006 Global Insight baseline national forecast.

The recent history and short-term forecasts of Idaho nominal and real personal income growth are featured on the cover graph. After growing by 8.8% in 2006, Idaho nominal personal income is expected to advance 7.3% in 2007, 6.0% in 2008, 6.6% in 2009, and 7.2% in 2010. Idaho real personal income is forecast to rise 5.4% this year, 4.0% next year, 4.5% in 2009, and 5.2% in 2010.

FEATURE

The rate of U.S. homeownership began to surge in the mid-1990s, rising from 64% in 1994 to a peak of 69% in 2004. Understanding the forces behind such trends in homeownership is important not only because supporting homeownership has been an unequivocal public policy goal for decades but also because homes are an important part of people's net worth and, therefore, can affect their spending, working, and saving decisions. This Forecast's feature article entitled "The Rise in Homeownership" examines several potential reasons for this surge in the homeownership rate. It was written by Mark Doms and Meryl Motika of the Federal Reserve Bank of San Francisco.

THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. Global Insight examines the effects of different economic scenarios, including the potential impacts of international recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1993 to 2010 and for every quarter from 2004 through 2009. The solution of the Idaho Economic Model (IEM) for this forecast begins with the third quarter of 2006.

Descriptions of the Global Insight U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

CHANGES

The historical employment data used in this forecast was provided by the Idaho Department of Commerce and Labor and was seasonally adjusted by the Idaho Division of Financial Management (DFM). The data consists of final employment estimates through the first quarter of 2006 and preliminary data for the following quarter. Idaho nonfarm employment grew at a 7.3% annual rate during the first quarter to 631,588 jobs. The growth pace cooled to a still healthy 3.4% in the second quarter of 2006, taking the number of jobs to 636,917.

The tables in this forecast include the U.S. Bureau of Economic Analysis' (BEA) September 2006 estimates of Idaho quarterly personal income through the second quarter of 2006. These are the same income data used in the previous forecast. The BEA did release personal income estimates on December 20, 2006, but

they were published after the forecast was finalized. The BEA will release its next round of Idaho quarterly personal income estimates on March 28, 2007. These data will be incorporated into the April 2007 *Idaho Economic Forecast*.

The *Idaho Economic Forecast* is available on the Internet at http://dfm.idaho.gov/Publications/Econ_Publications.html. Readers with any questions should contact Derek Santos at (208) 854-3070 or at dsantos@dfm.idaho.gov.

SUBSCRIPTIONS

You can access the *Idaho Economic Forecast* for free at
http://dfm.idaho.gov/Publications/Econ_Publications.html.

Printed copies of the *Idaho Economic Forecast* may be requested by contacting:

**Idaho Economic Forecast
Division of Financial Management
700 W. Jefferson, Room 122
P.O. Box 83720
Boise, Idaho 83720-0032**

Or email to info@dfm.idaho.gov

Please provide the following information:

NAME	_____
ORGANIZATION	_____
MAILING ADDRESS	_____ _____ _____
CITY	_____
STATE	_____
ZIP CODE	_____

EXECUTIVE SUMMARY

Idaho's economy should end this decade on a higher note than when it started it. Battered by the high-tech industry's implosion near the turn of the millennium, Idaho nonfarm employment grew an average of 1.8% per year from 1999 through 2004, which was well below the average for the previous five years. While Idaho real personal income did not retreat during this decade's first five years, it did slow considerably. The one noticeable exception came in 2004 when, aided by a strong farm sector, real Idaho personal income jumped 7.0%. Driven by its construction and services sectors, Idaho's economy picked up speed in 2005. The construction sector received the most attention due to its stellar performance. With construction experiencing such strong growth, the services category's fine performance was often overlooked. Services employment advanced "just" 4.4% in 2006. However, given this sector's huge base, services employment increased by 11,723 jobs, which is more than two times greater than the construction sector gain. It is also worth noting both the state's logging and wood products and mining sectors expanded in 2005. Idaho real personal income grew 3.6% in 2005. Early indicators suggest the economy grew faster in 2006 than in 2005. Idaho nonfarm employment is estimated to have increased 4.3%, which is slightly faster than the previous year's 4.0% rate. The strong employment gains pushed total wage and salary payments up 10.2% in 2006, which helped Idaho real personal income swell 5.8%. Looking ahead, Idaho nonfarm employment is forecast to advance 2.5% annually, which is much faster than it grew earlier this decade. Idaho real personal income should also end the decade stronger than when it started it. It is projected to increase 4.8% per year, which is higher than the 3.4% annual rate from 1999 through 2004.

If the U.S. economy were graded on its recent performance, its report card would state that while it may not be failing, it could be doing better. The economy shifted into lower gear in the second half of last year, with real GDP advancing at a meager 2.6% annual rate in the second quarter followed by 2.0% in the third quarter and an estimated 1.2% rate in the last quarter. Real output should begin to accelerate this year, but at less than 3.0% growth it will remain well below its potential. The cooling housing market is partially to blame for this sub-par performance. The impacts of the housing decline will be partially deflected by other economic factors. Nonresidential construction will soften the blow from falling housing starts this year, but it will only provide temporary relief. Eventually, it will weaken under the weight of the ebbing housing sector. Falling oil prices should also help. The roughly 80-cent per gallon decline in gasoline prices since the summer of 2006 has operated like a tax cut for households worth \$96 billion, or 1.0% of disposable income. Another positive factor is trade. Improving economic growth abroad and the declining dollar point to strong exports. Inflation has probably topped out, but it is still too high for the Federal Reserve's comfort. Even so, the Federal Reserve is expected to lower interest rates three times in 2007, so its federal funds rate is 4.5% by the end of this year. After this year, the economy is expected to move up to its potential. Real GDP should advance by at least 3.0% in each year after 2007. Nonfarm employment growth is expected to march to a 1.4% average annual cadence. At this pace, the civilian unemployment rate will eventually fall to 4.4% by 2010, which is comfortably full employment.

**IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2007**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP (BILLIONS)												
Current \$	9,268	9,817	10,128	10,470	10,961	11,712	12,456	13,237	13,789	14,497	15,285	16,103
% Ch	6.0%	5.9%	3.2%	3.4%	4.7%	6.9%	6.3%	6.3%	4.2%	5.1%	5.4%	5.4%
2000 Chain-Weighted	9,470	9,817	9,891	10,049	10,301	10,704	11,049	11,410	11,659	12,028	12,441	12,854
% Ch	4.4%	3.7%	0.8%	1.6%	2.5%	3.9%	3.2%	3.3%	2.2%	3.2%	3.4%	3.3%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	29,068	31,290	33,054	33,849	34,687	38,090	40,584	44,147	47,361	50,216	53,509	57,370
% Ch	6.5%	7.6%	5.6%	2.4%	2.5%	9.8%	6.5%	8.8%	7.3%	6.0%	6.6%	7.2%
Idaho Nonfarm (Millions)	28,054	30,448	32,039	32,921	33,969	36,942	39,589	43,121	46,303	49,140	52,419	56,267
% Ch	6.5%	8.5%	5.2%	2.8%	3.2%	8.8%	7.2%	8.9%	7.4%	6.1%	6.7%	7.3%
U.S. (Billions)	7,802	8,430	8,724	8,882	9,164	9,731	10,239	10,898	11,432	12,040	12,775	13,550
% Ch	5.1%	8.0%	3.5%	1.8%	3.2%	6.2%	5.2%	6.4%	4.9%	5.3%	6.1%	6.1%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	29,788	31,289	32,376	32,690	32,847	35,143	36,397	38,522	40,599	42,215	44,135	46,444
% Ch	4.8%	5.0%	3.5%	1.0%	0.5%	7.0%	3.6%	5.8%	5.4%	4.0%	4.5%	5.2%
Idaho Nonfarm (Millions)	28,748	30,447	31,382	31,795	32,167	34,083	35,504	37,627	39,692	41,311	43,235	45,551
% Ch	4.7%	5.9%	3.1%	1.3%	1.2%	6.0%	4.2%	6.0%	5.5%	4.1%	4.7%	5.4%
U.S. (Billions)	7,996	8,429	8,545	8,578	8,678	8,979	9,183	9,510	9,800	10,122	10,537	10,969
% Ch	3.4%	5.4%	1.4%	0.4%	1.2%	3.5%	2.3%	3.6%	3.1%	3.3%	4.1%	4.1%
HOUSING STARTS												
Idaho	10,334	11,468	12,184	13,200	16,305	18,486	23,163	20,813	20,071	19,764	19,567	20,195
% Ch	2.3%	11.0%	6.2%	8.3%	23.5%	13.4%	25.3%	-10.1%	-3.6%	-1.5%	-1.0%	3.2%
U.S. (Millions)	1,647	1,573	1,601	1,710	1,854	1,950	2,073	1,801	1,497	1,599	1,703	1,750
% Ch	1.6%	-4.5%	1.8%	6.8%	8.4%	5.2%	6.3%	-13.1%	-16.9%	6.8%	6.5%	2.8%
TOTAL NONFARM EMPLOYMENT												
Idaho	538,098	558,578	568,031	568,041	572,532	588,039	611,687	638,046	654,575	668,922	683,842	704,322
% Ch	3.4%	3.8%	1.7%	0.0%	0.8%	2.7%	4.0%	4.3%	2.6%	2.2%	2.2%	3.0%
U.S. (Thousands)	128,992	131,792	131,832	130,342	129,993	131,424	133,459	135,340	136,614	138,359	140,471	142,481
% Ch	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.5%	1.4%	0.9%	1.3%	1.5%	1.4%
SELECTED INTEREST RATES												
Federal Funds	5.0%	6.2%	3.9%	1.7%	1.1%	1.3%	3.2%	5.0%	4.9%	4.5%	4.7%	4.8%
Bank Prime	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%	6.2%	8.0%	7.9%	7.5%	7.7%	7.8%
Existing Home Mortgage	7.3%	8.0%	7.0%	6.5%	5.7%	5.7%	5.9%	6.6%	6.4%	6.5%	7.0%	7.1%
INFLATION												
GDP Price Deflator	1.4%	2.2%	2.4%	1.7%	2.1%	2.8%	3.0%	2.9%	1.9%	1.9%	1.9%	2.0%
Personal Cons Deflator	1.7%	2.5%	2.1%	1.4%	2.0%	2.6%	2.9%	2.8%	1.8%	2.0%	1.9%	1.9%
Consumer Price Index	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	1.7%	2.0%	1.8%	1.8%

**National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2006**

**IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2007**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP (BILLIONS)												
Current \$	13,008	13,197	13,327	13,416	13,572	13,705	13,866	14,012	14,214	14,400	14,595	14,779
% Ch	9.0%	5.9%	4.0%	2.7%	4.7%	4.0%	4.8%	4.3%	5.9%	5.3%	5.5%	5.2%
2000 Chain-Weighted	11,316	11,388	11,451	11,486	11,548	11,616	11,699	11,772	11,881	11,978	12,079	12,176
% Ch	5.6%	2.6%	2.2%	1.2%	2.2%	2.3%	2.9%	2.5%	3.7%	3.3%	3.4%	3.2%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	42,861	43,587	44,507	45,633	46,366	47,007	47,696	48,376	49,061	49,840	50,579	51,383
% Ch	12.6%	6.9%	8.7%	10.5%	6.6%	5.6%	6.0%	5.8%	5.8%	6.5%	6.1%	6.5%
Idaho Nonfarm (Millions)	41,893	42,671	43,451	44,470	45,282	45,965	46,637	47,330	47,997	48,766	49,496	50,301
% Ch	12.6%	7.6%	7.5%	9.7%	7.5%	6.2%	6.0%	6.1%	5.8%	6.6%	6.1%	6.7%
U.S. (Billions)	10,721	10,807	10,954	11,107	11,251	11,365	11,489	11,623	11,781	11,954	12,124	12,302
% Ch	9.4%	3.2%	5.5%	5.7%	5.3%	4.1%	4.4%	4.7%	5.6%	6.0%	5.8%	6.0%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	37,781	38,043	38,615	39,650	40,047	40,401	40,782	41,165	41,539	42,008	42,420	42,894
% Ch	10.3%	2.8%	6.1%	11.2%	4.1%	3.6%	3.8%	3.8%	3.7%	4.6%	4.0%	4.5%
Idaho Nonfarm (Millions)	36,928	37,244	37,699	38,639	39,110	39,505	39,876	40,276	40,639	41,103	41,511	41,990
% Ch	10.4%	3.5%	5.0%	10.4%	5.0%	4.1%	3.8%	4.1%	3.7%	4.7%	4.0%	4.7%
U.S. (Billions)	9,451	9,433	9,504	9,651	9,717	9,768	9,823	9,890	9,975	10,075	10,168	10,269
% Ch	7.2%	-0.8%	3.1%	6.3%	2.8%	2.1%	2.3%	2.8%	3.5%	4.1%	3.7%	4.0%
HOUSING STARTS												
Idaho	23,062	21,427	18,567	20,197	20,223	20,043	20,022	19,995	19,963	19,846	19,701	19,547
% Ch	16.5%	-25.5%	-43.6%	40.0%	0.5%	-3.5%	-0.4%	-0.5%	-0.6%	-2.3%	-2.9%	-3.1%
U.S. (Millions)	2.123	1.873	1.720	1.488	1.484	1.480	1.500	1.522	1.548	1.585	1.614	1.648
% Ch	12.9%	-39.5%	-28.9%	-43.9%	-1.0%	-1.1%	5.3%	6.2%	6.9%	9.8%	7.6%	8.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	631,588	636,917	639,430	644,249	648,352	652,574	656,799	660,576	663,846	667,310	670,543	673,989
% Ch	7.3%	3.4%	1.6%	3.0%	2.6%	2.6%	2.6%	2.3%	2.0%	2.1%	2.0%	2.1%
U.S. (Thousands)	134,722	135,128	135,577	135,934	136,272	136,418	136,687	137,079	137,593	138,104	138,613	139,126
% Ch	1.7%	1.2%	1.3%	1.1%	1.0%	0.4%	0.8%	1.2%	1.5%	1.5%	1.5%	1.5%
SELECTED INTEREST RATES												
Federal Funds	4.5%	4.9%	5.2%	5.2%	5.3%	5.1%	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%
Bank Prime	7.4%	7.9%	8.3%	8.3%	8.3%	8.1%	7.6%	7.5%	7.5%	7.5%	7.5%	7.5%
Existing Home Mortgage	6.4%	6.6%	6.8%	6.5%	6.4%	6.4%	6.3%	6.3%	6.3%	6.4%	6.6%	6.8%
INFLATION												
GDP Price Deflator	3.3%	3.3%	1.8%	1.4%	2.5%	1.6%	1.8%	1.7%	2.1%	2.0%	2.0%	1.9%
Personal Cons Deflator	2.0%	4.0%	2.4%	-0.6%	2.4%	2.0%	2.1%	1.9%	2.0%	1.8%	2.0%	1.9%
Consumer Price Index	2.2%	5.0%	2.9%	-2.5%	3.0%	2.1%	2.2%	2.0%	2.1%	1.8%	1.9%	1.8%

**National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2006**

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2006 through the Fourth Quarter of 2010

If the U.S. economy were graded on its recent performance, its report card would state that while it may not be failing, it could be doing better. The economy shifted into lower gear in the second half of last year, with real GDP advancing at a meager 2.6% annual rate in the second quarter followed by 2.0% in the third quarter and an estimated 1.2% rate in the last quarter. Real output should begin to accelerate this year, but at less than 3.0% growth it will remain well below its potential. The cooling housing market is partially to blame for this sub-par performance. The U.S. Department of Commerce reported real residential fixed investment tumbled 11.1% in the second quarter of 2006 and fell 18.7% in the third quarter. While some housing indicators suggest the industry is stabilizing, it will take a while to steady this ship. In fact, activity will continue to fall as builders attempt to get control of large unsold inventories. As a result, housing starts are expected to decline another 16.9% this year.

The impacts of the housing decline will be partially deflected by other economic factors. For example, while residential construction has suffered, nonresidential construction has thrived because of post-hurricane rebuilding, rising utilization rates, and falling office vacancy rates. Nonresidential construction will soften the blow from falling housing starts this year, but it will only provide temporary relief. Eventually, it will weaken under the weight of the ebbing housing sector. Falling oil prices should also help. The roughly 80-cent per gallon decline in gasoline prices since the summer of 2006 has operated like a tax cut for households worth \$96 billion, or 1.0% of disposable income. So far, households have been hesitant to spend this found money, probably because they fear gasoline prices will shoot up again. However, once they are convinced this will not happen, they will spend more freely.

Higher capacity utilization rates and the need to remain competitive are spurring business fixed investment. Orders for nondefense capital goods excluding aircraft are outstripping shipments, signaling rising order backlogs and solid business spending growth ahead. Another positive factor is trade. Improving economic growth abroad and the declining dollar point to strong exports. The dollar's value has dipped because the U.S. economy has weakened relative to other major economies. The greenback will come under pressure as foreign central banks raise interest rates. Thus, it is anticipated by the end of 2007 the euro will rise above \$1.40 and the yen will reach 105 per dollar.

Inflation has probably topped out, but it is still too high for the Federal Reserve's comfort. While falling gasoline prices helped keep consumer inflation below 2.0% this fall, core inflation (all items less food and energy) remain well above the central bank's 1-2% comfort zone. Cooler growth and slower housing costs increases should help core inflation drop below 2.0%. However, not even this will keep the Federal Reserve from worrying. It remains nervous about labor costs, since labor markets remain tight and productivity growth has slowed. However, the Federal Reserve is expected to lower interest rates three times in 2007, so its federal funds rate is 4.5% by the end of this year.

After this year, the economy is expected to move up to its potential. Real GDP should advance by at least 3.0% in each year after 2007. The housing inventory should be manageable, and housing starts should start to recover slowly. Nonfarm employment growth is expected to march to a 1.4% average annual cadence. At this pace, the civilian unemployment rate will eventually fall to 4.4% by 2010, which is comfortably full employment.

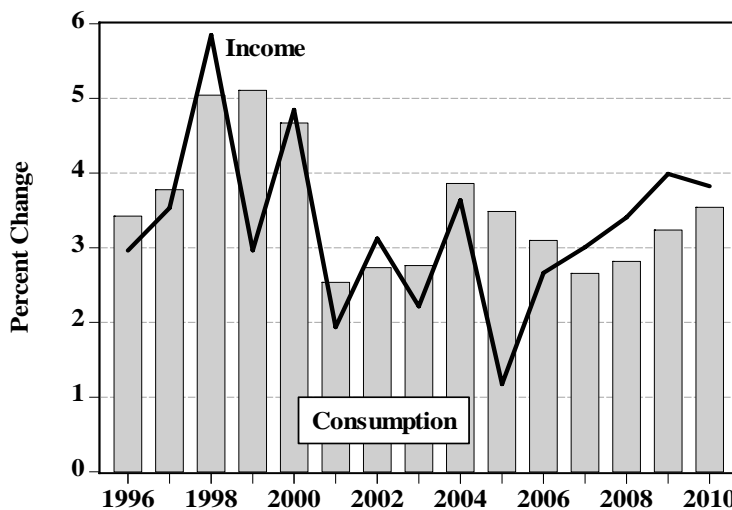
SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: The negative impact of the cooling housing market on consumer spending will be mitigated by steady job growth, rising wages, and lower gasoline prices. Although the U.S. civilian unemployment rate did inch up 0.1 percentage point from October 2006 to 4.5% in November, this rate is near its lowest level in five years and well below the 5.0% threshold considered to be full-employment. Other evidence of the labor market's strength is September's 203,000-increase in nonfarm jobs. These strong employment gains have tightened labor markets, which have fueled moderate wage gains that are outpacing inflation for the first time since 2003. Interestingly, these gains have not been as strong as initial estimates. For example, during last year's third quarter employment unit labor costs expanded 2.3%, which is

significantly lower than the original estimate of 3.8% growth. Falling gasoline prices will feel like a tax break to American consumers and contribute to the first inflation decline in a generation. These three factors are major contributors to the expected turnaround in real disposable income. After expanding a meager 1.2% in 2005, real disposable income is forecast to accelerate during most of the forecast period, growing 2.7% in 2006, 3.0% in 2007, 3.4% in 2008, 4.0% in 2009, and 3.4% in 2010. While consumers' income statements are improving, household balance statements are not likely to maintain the momentum experienced over the past few years. Specifically, thanks in large part to strong home price appreciation, U.S. household real net worth increased 4.7% in 2005. This rate will be the high-water mark for the foreseeable future as housing prices grow more slowly during the next few years. As a result, real net worth is forecast to rise 1.5% in 2006, 0.6% in 2007, 2.9% in 2008, 3.2% in 2009, and 4.5% in 2010. The impact of lower housing price appreciation will affect more than real net worth, however. It will also dampen real consumer spending because it will lead to cutbacks in spending on furniture, appliances, and other durable goods. In addition, consumer spending will be limited by disappearing financing sources. Home equity withdrawals, a funding source for home improvements and consumer spending, are likely to drop off in 2007. In addition, consumers are likely to proceed with caution after watching housing prices stall, or fall in some markets. One beneficiary of consumers' caution is the personal savings rate. After being negative since early 2005, it will eventually turn positive in late 2008. Real consumer spending is forecast to rise 3.1% in 2006, 2.7% in 2007, 2.8% in 2008, 3.2% in 2009, and 3.5% in 2010.

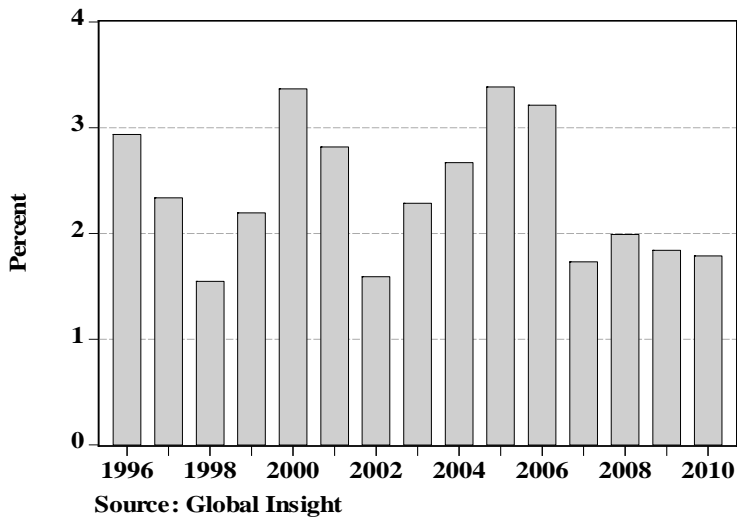
Inflation: Rising labor costs moved to the forefront of inflation watchers radar screens, as oil prices fell from last summer's peak. One noted analyst is Federal Reserve Chairman Ben Bernanke who observed labor costs "have been rising more quickly of late" and "part of this acceleration no doubt is current tightness in labor markets." His attention was well placed given labor costs' major role in driving core inflation (all items less food and energy). His conclusions, however, were based on data that overstated labor costs. For example, the third-quarter rise in unit labor costs was revised down from a 3.8% annual rate to a more moderate 2.3% rate. Furthermore, second-quarter unit labor costs, which were originally reported to have surged 5.3%, actually declined 2.4%. Year-over-year, third-quarter unit labor costs increased just 2.9%, which is significantly lower than the previous estimate of 5.3%. Looking ahead, it

U.S. Real Consumption and Disposable Income Growth



Source: Global Insight

Consumer Price Inflation

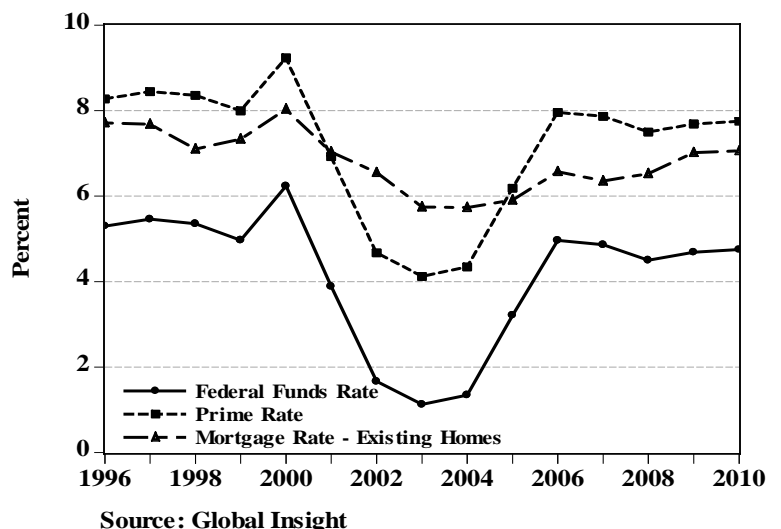


appears unit labor costs will grow more slowly than in 2006 over the forecast period. Specifically, unit labor costs are expected to increase 4.1% in 2006, 3.2% in 2007, 2.7% in 2008, 3.0% in 2009, and 3.2% in 2010. This outlook is based on the cooling economy and its attendant labor market pause and recovering labor productivity. Although labor prices have moved into focus, energy prices also remain in view. This should not come as a surprise given the multi-year run up in oil prices that peaked at over \$70 per barrel last summer. The good news is that oil prices should retreat from last year's apex and stabilize over the forecast period. However, oil prices will stabilize near the top end. Crude oil

prices are forecast to average \$64.44 per barrel in 2007, \$64.77 per barrel in 2008, \$63.88 per barrel in 2009, and \$63.40 per barrel in 2010. To put these prices in perspective, the price of oil averaged about \$20 per barrel during the 1990s and was about \$26 per barrel at the beginning of the current decade. Nonetheless, as a result of the better-behaved oil prices, the energy component of the consumer price index is expected to fall 2.9% this year, rise a modest 1.9% next year, and remain flat over the remaining forecast years. Overall inflation, as measured by the consumer price index, is anticipated to be 1.7% in 2007, 2.0% in 2008, and 1.8% in both 2009 and 2010.

Financial Markets: These days what the Federal Reserve says is having as big an impact as what it does. Indeed, the nation's central bank appears to be in wait-and-see mode. The Federal Reserve voted on December 12, 2006 to keep its federal funds rate at 5.25% for the fourth consecutive meeting. This action came as no surprise to Federal Reserve watchers because the decision to hold rates steady is consistent with its policy that began last summer. This policy is shaped by concerns of heating inflation and the cooling economy. Interestingly, the most anticipated part of the December meeting was not the federal interest rate target, but the brief statement released after the meeting. It reported the Federal Reserve continued to have concerns about inflation and the economy. It edged down its assessment of economic conditions compared with its October 25, 2006 statement. It now describes the cooling of the housing market as "substantial" and "recent indicators have been mixed." In light of these expressed concerns this forecast assumes the nation's central bank will hold the federal funds rate steady through early May 2007. After that time, it will begin to gradually decrease this bellwether interest rate. Specifically, the federal funds rate will decline in 25-basis point increments on May 9, 2007, followed by cuts on June 28 and August 7. As a result of these cuts, the federal funds rate will settle at 4.5% in the last quarter of 2007 and

Selected U.S. Interest Rates



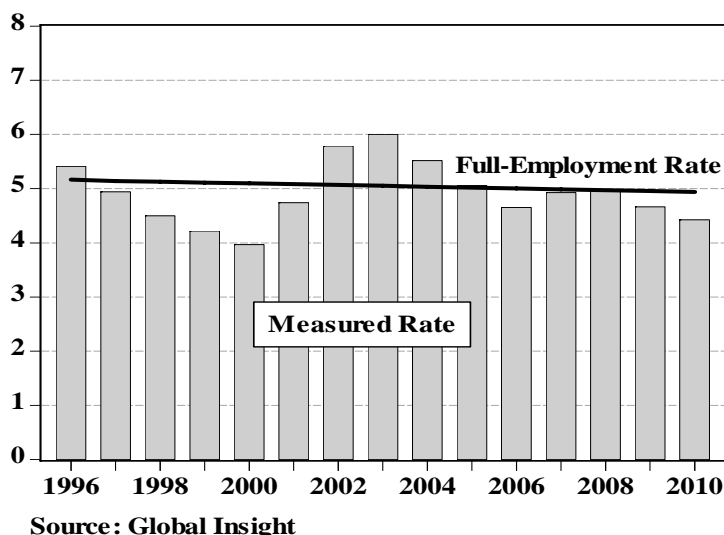
remain at that level through the first quarter of 2009. The federal funds rate is assumed to rise slightly thereafter, averaging just under 5.0%. The future course of the federal funds rate and other closely-watched interest rates are illustrated in the accompanying chart.

Government: The federal budget deficit declined from \$321 billion in federal fiscal year 2005 to \$248 billion in federal fiscal year 2006. The 2006 deficit was lowered in the final month of the year by a surge in revenues and some timing issues that pushed Medicare expenditures into fiscal year 2007. On an annual basis, federal receipts increased 11.8% in fiscal year 2006, while outlays rose 7.8%. After hitting its lowest point this decade, the federal budget deficit is expected to inch upwards through 2008 then fall gradually through 2010. Congress passed two measures with budget implications: the extension of the continuing resolution on discretionary spending and the Tax Relief and Health Care Act of 2006. The continuing resolution will have a dampening effect on fiscal 2007 spending. The tax relief legislation includes extensions of tax credits and deductions that either expired at the end of 2005 or would expire at the end of 2008. The provisions of this bill include the deduction for higher education expenses, the deduction of state and local sales taxes, a corporate research credit, a credit for alternative energy production, a credit for residential energy efficient property, and provisions for energy efficient buildings and new homes. The incoming Congress will have a new set of policy matters to consider. There are two major policy issues that are likely to receive attention before the next administration moves into the White House. Raising the federal minimum wage is a major economic policy initiative that is expected to move quickly through the Democratic Congress and is likely to be assented to by President Bush. Although the 41% increase from \$5.15 per hour to \$7.25 per hour is large, its ripple effect through the economy is likely to be smaller. First, the anticipated hike to \$7.25 per hour will cause the federal minimum wage to catch up with the existing minimum wage rates of about half the states. Second, due to tight labor markets, entry-level wage rates in many local areas are already above the proposed national minimum wage. Third, the Federal Reserve has given its nod for an increase, so it appears it will not unduly react to temporary upward blips in the employment cost index that would follow. Another pressing issue is the alternative minimum tax (AMT). The AMT will start biting middle-class taxpayers much harder, unless increased exemptions are extended beyond the end of 2006. This forecast assumes no permanent action will be taken on the AMT until after the 2008 election. Instead, the exemptions will be extended yearly until a permanent fix is enacted.

Employment: National nonfarm employment growth is expected to moderate in the short-term from its recent pace. It is estimated 1.9 million jobs were added in 2006, or about 157,000 jobs per month. The civilian unemployment rate fell to 4.6% from the previous year's 5.1% rate. What these annual statistics

do not show is the labor market was already showing signs of slowing in late 2006. For example, during the second half of last year the monthly job pace had dropped to about 134,000 jobs per month, versus over 161,000 jobs per month during the first half of 2006. This trend is expected to continue early into this year. As a result, the U.S. civilian unemployment rate is expected to inch up above 5.0% in 2007. While the employment situation is softer in 2007 compared to 2006, it is not as bad as it may appear on the surface. First, the weaker employment situation is temporary. After falling below a one-percent annual pace during the first half of this year, nonfarm employment

U.S. Civilian Unemployment Rate



should begin logging healthier gains during the second half of 2007. The fallout from this slower employment growth will hang on through the first half of 2008. However, even at its apex the unemployment rate is barely above the full-employment threshold. National nonfarm employment is forecast to expand 1.4% in 2006, 0.9% in 2007, 1.3% in 2008, 1.5% in 2009, and 1.4% in 2010. The forecasted civilian unemployment rate is 4.6% in 2006, 4.9% in 2007, 5.0% in 2008, 4.7% in 2009, and 4.4% in 2010. The minimum wage rises in three steps to \$7.25 per hour in this forecast. While the minimum wage debate has focused on demand, it could also increase supply. Teenage labor-force participation has slumped to 43.5%, from 52% in 2000. Since about a quarter of minimum wage earners in 2005 were teenagers, any labor-supply impact would show up in this category. It is estimated each percentage point increase in the teenage participation rate changes the unemployment rate 0.1 percentage point. For example, should the teenage participation rate recover half the ground lost since 2000 by rising 4.25 percentage points, the employment rate would increase almost 50 basis points.

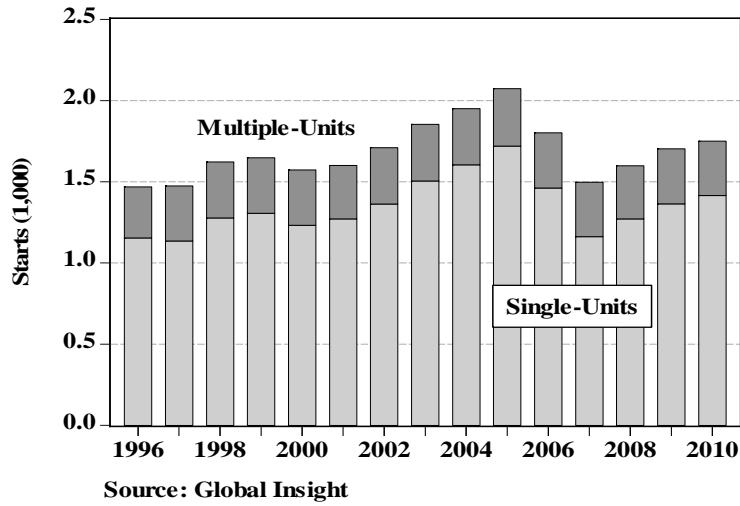
International: The improving trade picture will be a major plus to the economy over the forecast period. It is estimated real net exports (exports less imports) will contribute 0.8 percentage point to output growth during the fourth quarter of 2006—its strongest positive contribution in 10 years. On an annual basis, net exports in 2006 will be slightly higher than in 2005. However, these annual statistics mask last year's improvements. Keep in mind the real trade gap narrowed by close to \$30 billion from the first quarter of 2006 to the last quarter. Gains should continue through 2010, with the fastest improvement in the first couple of years.

This forecast reflects the positive influence of improved competitiveness and the sliding dollar on exports and dampening effect of slower U.S. consumer spending on imports. Until recently, the greenback was being pulled in opposite directions. The huge current-account deficit has been pushing down its value while the combination of stronger domestic growth and higher U.S. interest rates have buoyed the dollar. But this situation has changed because the U.S. economy has begun to slow and interest rates are expected to fall. As a result, all forces are exerting downward pressure on the dollar. Under these conditions the euro is expected to rise from around \$1.33 in late 2006 to \$1.40 by the end of this year. Over this same period the yen will rise from \$0.87 to \$0.95 and the Chinese renminbi will appreciate about 5%.

Housing: The housing industry should remain a short-term drag on the U.S. economy. It has been estimated residential construction shaved 1.4 percentage points off GDP growth in the fourth quarter of 2006 and will shave another 0.9 percentage point off output in 2007. Other indicators confirm this sector's weakness. Housing starts plunged 14.6% in October 2006 and the number of housing permits dropped 6.3% for its ninth straight month. Despite the spate of bad news, there are several factors that suggest housing demand is near its bottom. First, inventories of new and existing homes appear to be stabilizing. Second, sales of existing single-family homes seem stable. Third, applications to purchase homes have risen. These conditions are largely due to both falling mortgage interest rates and home prices. From June 2006 to last fall the 30-year fixed mortgage rate tracked by the Mortgage Bankers Association fell just over 80 basis points. In addition, the National Association of realtors reported the median price of an existing home dropped 3.4% between October 2005 and October 2006. Although there are reasons to believe demand is stabilizing, a housing turnaround is not imminent. The current



U.S. Housing Starts



housing inventory needs to be whittled down before starts and spending recover. With housing prices adjusting sluggishly to weak demand, new and existing home sales should rebound in this year's second half. These sales will help the inventory of new houses to peak later this year then gradually decline. Eventually housing starts will increase again, but at the pace experienced during the first years of this decade. Specifically, U.S. housing starts hit 2.1 million units in 2005—its most recent peak. The forecasted number of starts is 1.8 million in 2006, 1.5 million in 2007, 1.6 million in 2008, 1.7 million in 2009, and 1.8 million in 2010.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2006 through the Fourth Quarter of 2010

Idaho's economy should end this decade on a higher note than when it started it. Battered by the high-tech industry's implosion near the turn of the millennium, Idaho nonfarm employment grew an average of 1.8% per year from 1999 through 2004, which was well below the average for the previous five years. The state's computer and electronics sector suffered the most serious reversal of fortune from the initial high-tech collapse and its aftershocks. This sector enjoyed robust growth and was a steady cog in the state's long economic expansion. For example, this sector's employment declined in just one year (1999) from 1991 to 2001. However, it has contracted in four of the last five years. While Idaho real personal income did not retreat during this decade's first five years, it did slow considerably. The one noticeable exception came in 2004 when, aided by a strong farm sector, real Idaho personal income jumped 7.0%.

Driven by its construction and services sectors, Idaho's economy picked up speed in 2005. The construction sector received the most attention due to its stellar performance. Idaho housing starts topped a long string of gains by growing 25.3% in 2005. As a result, the state's construction payroll expanded by an amazing 13.3% in that year, which translates to about 5,300 jobs. With construction experiencing such stellar growth, the services category's fine performance was often overlooked. It is true services employment advanced "just" 4.4% in 2006. However, given this sector's huge base, services employment increased by 11,723 jobs, which is more than two times greater than the construction sector gain. It is also worth noting both the state's logging and wood products and mining sectors expanded in 2005. Idaho real personal income grew 3.6% in 2005.

Early indicators suggest the economy grew faster in 2006 than in 2005. Idaho nonfarm employment is estimated to have increased 4.3%, which is slightly faster than the previous year's 4.0% rate. Once again, construction employment, which grew 16.6%, contributed heavily to the economy's success. Services employment advanced 4.2%, which was down slightly from 2005. After a long absence from the plus column, Idaho computer and electronics employment posted a 2.4% gain last year. The strong employment gains pushed total wage and salary payments up 10.2% in 2006. This increase helped Idaho real personal income swell 5.8%, which was its best performance since 2004.

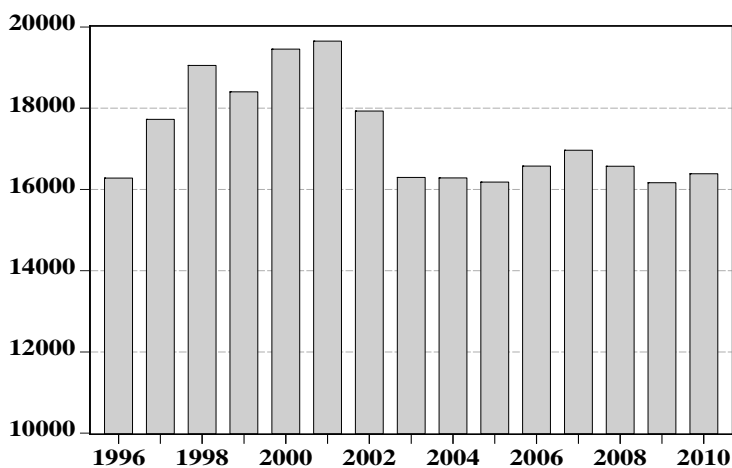
Looking ahead, total nonfarm employment growth is expected to slip below 3.0% in each year of the forecast period. This cooling reflects the anticipated declines in the construction sector. These decreases are more accurately described as a return to sustainable levels rather than a collapse. Specifically, after peaking at 52,634 jobs in 2006, Idaho construction employment will settle down to 50,242 jobs in 2010, which is still 5,000 more construction jobs than in 2005. Service employment growth is also expected to slow, but not retreat over the next few years. Overall, Idaho nonfarm employment is forecast to advance 2.5% annually, which is much faster than it grew earlier this decade. Idaho real personal income should also end the decade stronger than it started it. It is projected to increase 4.8% per year, which is higher than the 3.4% annual rate from 1999 through 2004.

SELECTED IDAHO ECONOMIC INDICATORS

Computer and Electronics: The state's largest manufacturing sector should experience relatively stable employment levels over the forecast period. While future job growth rates are expected to be far below those experienced in the 1990s, they will be an improvement over the declines this industry suffered earlier this decade. Idaho computer and electronics manufacturing was an important source for jobs during the state's protracted economic expansion, averaging 7.0% growth from 1991 to 1999. The momentum from this growth help it minimize calamities from the lows of the business cycle, which helped it peak at nearly 21,000 jobs in 2001.

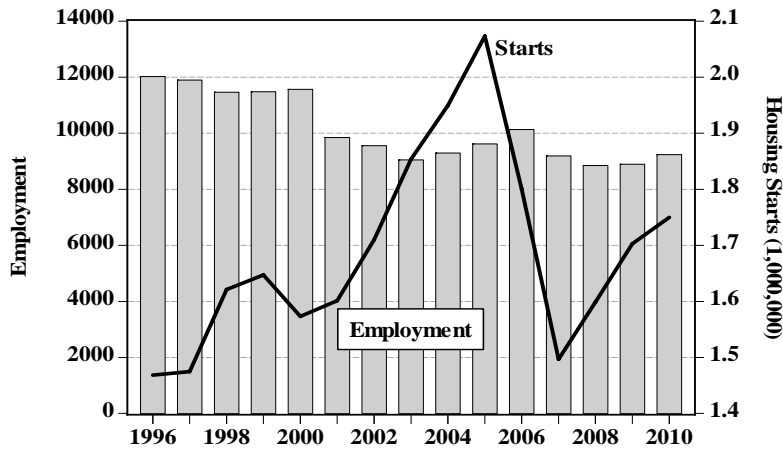
Unfortunately, this sector was not able to dodge the implosion of the high-tech bubble. The victims of the slowdown included some of this sector's highest flyers. Jabil Circuit halted a planned expansion and eventually closed its doors after customer orders evaporated. In 2001, MicronPC.com, SCP Global Technologies, Micron MCMS, AMI, and Hewlett-Packard also reduced their staffs. Despite these setbacks, employment expanded 1% in 2001. Unfortunately, it would be the last year-over-year job gain for several years. Employment plunged 8.8% in 2002. Micron Technology, the state's largest private employer, eventually succumbed to the high-tech downturn and reduced its Idaho workforce by about 1,000 in early 2003, and the state's computer electronics sector's employment base shrank another 9.1% in 2003. This sector's back-to-back job declines resulted in 3,400 fewer jobs in 2003 compared to 2001. Unfortunately, it has not experienced a quick turnaround. In fact, the recovery has been tenuous, with employment virtually unchanged in 2004 and 2005. Employment did grow a healthy 2.4% in 2006, however. It is forecast to rise to about 17,000 jobs this year, which is its high-water mark over the next few years. Indeed after this year, employment is forecast to slide to about 16,400 by 2010.

Idaho Computer and Electronic Products Employment



Logging and Wood Products: Idaho's lumber and wood products sector will retreat from its 2006 peak over the forecast period due to the cooling U.S. housing market. This sector has benefited from the nation's recent housing boom. The accompanying strong demand for wood products has bolstered local employment levels, bucking the negative supply trends that have suppressed this sector for several years. Interestingly, Idaho's lumber and wood products sector was a latecomer to the housing party. National housing starts began heating up in 2001 and grew by at least 5% annually from 2002 through 2005. Looked at another way, the total number of U.S. housing starts soared from 1.57 million units in 2000 to 2.07 million units in 2005. Wood production rose about 4.0% over this same period. Despite these positive indicators, Idaho lumber and wood product employment did not increase until 2004. Unfortunately, job gains have been the exception instead of the rule for this sector. Supply factors have determined this sector's past performance and will determine its fate. The biggest challenge Idaho's lumber and wood products sector faces is the dwindling public forests timber supply. The U.S. Forest Service estimates over the ten-year period from 1994 to 2004 the harvest from Idaho national forests fell by two-thirds, from 429.7 million board feet to 143.3 million board feet. This decline represents a significant resource loss to the state. Specifically, national forests' share of Idaho's timber harvest shrank from 28.5% in 1994 to 12.3% in 2004. This decline has been particularly hard on the state's

Idaho Wood Product Employment and U.S. Housing Starts

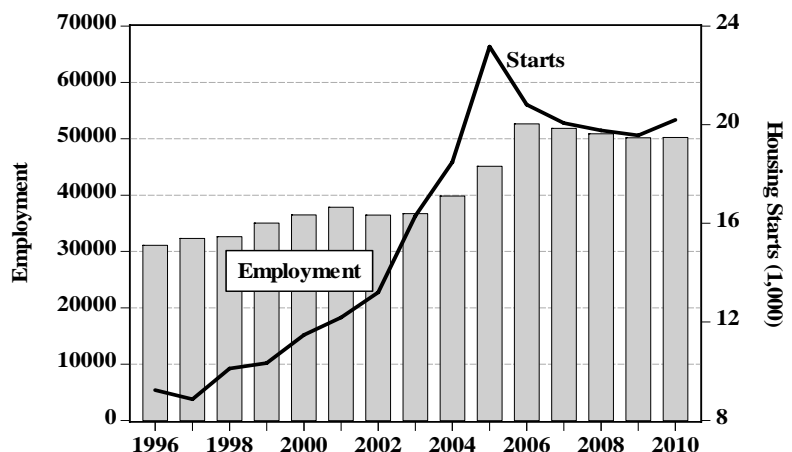


older, less efficient mills. Approximately 125 jobs were lost when Boise Cascade shuttered its Cascade, Idaho mill in 2001. About 250 jobs were lost in 2002 when the company's Emmett, Idaho mill closed. Potlatch ceased operations at its Jaype Mill near Pierce, a move that cost about 215 jobs. Louisiana-Pacific closed its Bonners Ferry mill, putting about 140 people out of work. These closings have increased the lumber and wood products sector's overall efficiency, which suggest fewer workers will be needed in the future. Despite the industry's downsizing,

excess capacity remains a challenge. Strong markets in the 1990s led to heavy capital investment in this sector. As a result, it is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America. These supply factors will dominate this sector's outlook as the housing sector recedes. Unfortunately, there is evidence this is already taking place (see the national housing sector review). Closer to home, the Random Length's lumber composite index for November 2006 was down 23.4% from the previous November and its structural panel composite was off 26.9%. It is anticipated U.S. housing starts will fall to 1.50 million units this year then gradually expand to 1.75 million in 2010. Over this same time period, U.S. wood products production is expected to fall and remain below its 2002 benchmark. After peaking at 10,134 jobs in 2006, Idaho lumber and wood products employment is projected to decline to a nadir of 8,891 jobs in 2008 before recovering to 9,238 jobs in 2010.

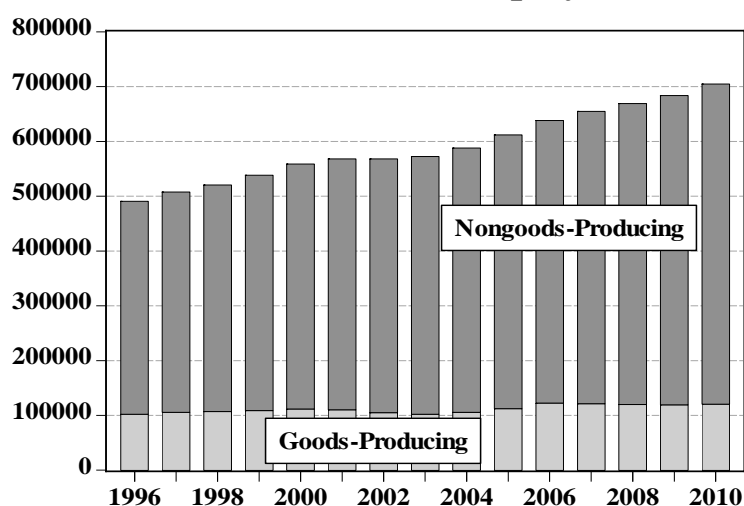
Construction: Idaho's high-flying construction sector should cruise closer to the ground over the next few years as the red-hot housing market cools. The industry's recent performance has been nothing short of extraordinary. Idaho housing starts soared from under 9,000 units in 1997 to a peak of 23,200 units in 2005. It slid to an estimated 20,800 units in 2006, which is still high compared to historical levels. Thanks to the strong housing starts, Idaho construction employment grew an average of 4.3% per year, which was nearly twice as fast as overall nonfarm growth. These statistics show how the construction sector has been a major force propelling the state's economy. Most local economy watchers agree construction cannot maintain its recent pace, and this raised fears that the coming correction may be severe. These concerns are legitimate. A hot market caused Idaho housing starts to peak at over 12,600 units in 1977, which was a threefold increase from 1970's 4,000 housing units. Three years later there were less than 6,000 housing starts in the state, and housing

Idaho Construction Employment and Housing Starts



starts remained below 6,000 units for the next decade. However, there are several reasons why a correction of this magnitude is not expected to occur over the forecast period. First, interest rates and population growth are expected to change gradually, giving the construction industry ample time to adjust. Second, although the Idaho housing sector has been robust, there does not appear to be a serious excess inventory of properties in the state. Third, Idaho could benefit from a boom in second homes. Fourth, nonresidential construction and alterations and repairs should remain healthy. Nonresidential construction typically follows residential construction as the businesses follow the population. Repairs and alterations still grow after a hot housing market cools because purchasers of existing homes usually take up to three years to remodel after purchasing a home. Indeed, in the current forecast Idaho construction employment expands in 2006 even though housing starts decline. The number of Idaho housing starts is forecast to recede from 20,813 units in 2006 to 20,195 units in 2010. Idaho construction employment is projected to ease from a high of 52,634 jobs in 2006 to 50,242 jobs in 2010.

Idaho Nonfarm Employment



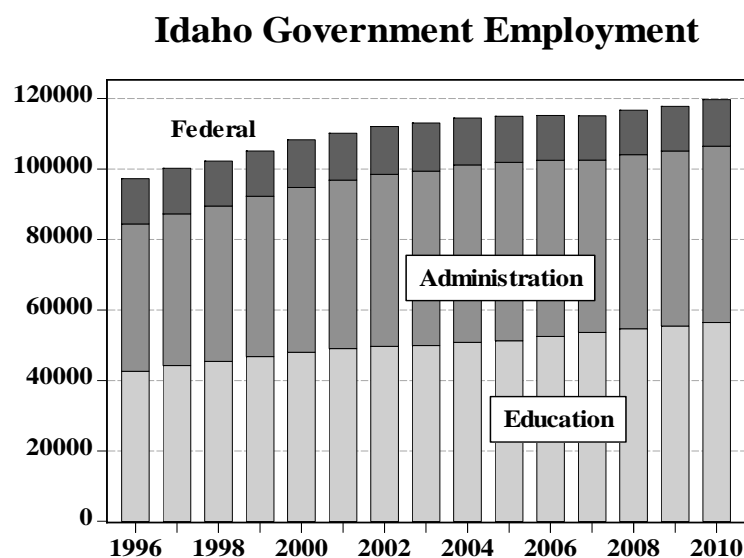
Nongoods-Producing Industries:

Idaho's largest private sector will contribute most of the state's employment growth over the forecast period. It is estimated the nongoods-producing sector accounted for about two-thirds of all new jobs in 2006. This sector benefits from the huge job bases of both services and trade. The former accounts for 46% of total nonfarm employment while the latter counts for 17% of employment. The services category consists of information services; financial activities, transportation, warehousing, and utilities; professional and business services; education and health services;

leisure and hospitality services; and other services. Trade is divided into retail and wholesale categories. Not only is employment in services greater than trade employment, it has also grown faster than trade, advancing an average of 2.4% annually over the last five years versus 1.9% for trade. One of the services sector's star performers is professional and business services. This category grew an impressive 6.1% in 2006. Part of last year's strong showing reflects a reclassification of employees from the information services category to the professional and business services category in the first quarter of 2006. Looking forward, this category's employment should expand an average of 3.5% per year. Other strong performers include education and health services and leisure and hospitality services. An interesting trait of the former is that it is driven more by demographics than economics. As such, it is relatively immune to business cycle swings. This category should add jobs at a 3.6% average annual pace over the forecast period. The leisure and hospitality category will expand at virtually the same rate. Overall services employment is projected to increase 3.6% per year. The trade sector's employment should grow an average of 4.2% per year.

Government: Idaho's state and local government employment's future should look much like its past. That is, this sector's employment is forecast to rise slowly over the next few years. The number of state and local government jobs has grown from 75,900 in 1992 to an estimated 102,496 in 2006, or an average of 2.2% per year. This growth was largely driven by the need to meet the demands of the state's expanding population. Driven by a flood of newcomers, Idaho's population expanded nearly 30% from

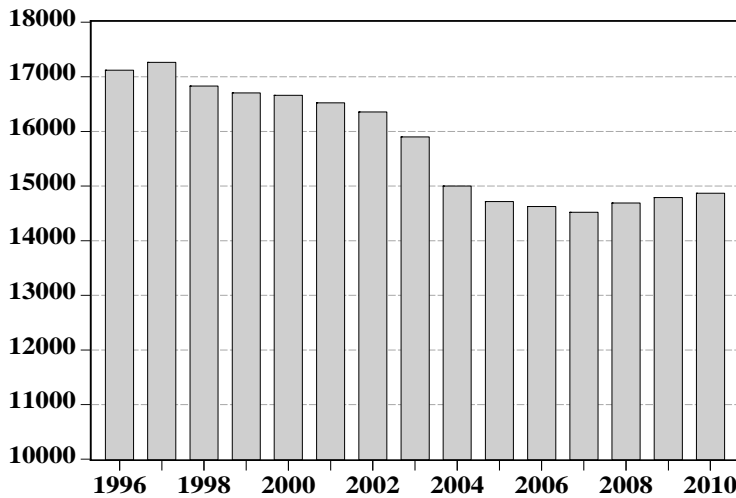
1990 to 2000. Although population growth cooled in the early years of the current decade, it has recently accelerated. The U.S. Census Bureau estimates the Gem State's population jumped about 2.6% in 2006, making it the nation's third fastest growing state behind Arizona and Nevada. The Gem State's population is forecast to grow more than 2.0% per year over the forecast period, which is more than twice as fast as the nation's population. Constant population pressures will cause government payrolls to rise over the next few years to 106,468 jobs by 2010. The lion's share of growth will be education related. Traditionally, state and local employment has grown much faster than federal employment. In fact, lately the former has been expanding while the latter has been contracting. Federal government employment has been falling because, unlike state and local government employment, Idaho federal government employment is driven more by budget decisions made in the nation's capital than by local population growth. It is anticipated real federal government purchases will grow slowly over the next four years. As a result, Idaho federal government employment should remain relatively flat. Idaho federal government employment is forecast to hover near 12,600 jobs during most of the forecast period. However, it jumps to around 13,200 in 2010 when the nation conducts its next census.



Mining and Chemicals: The Gem State's mining sector enjoyed a four-year run of job gains from 2002 to 2006. Over this period the number of mining jobs increased from 1,758 to 2,363. This showing can be characterized as a welcome reprieve from a declining trend, instead of a return to more prosperous times. Indeed, current data suggest mining employment peaked at 2,416 in the second quarter of 2006. This peak is significantly lower than its previous employment peak of 3,115 that occurred in the first quarter of 1997. The lower peak is consistent with a trend in which an employment peak is lower than its predecessor. This is apparent in the annual employment data. For example, Idaho mining employment peaked at 5,200 jobs in 1981. The next peak occurred in 1990, but it was 3,900 jobs. A peak of 3,000 jobs followed in 1997. Idaho mining employment is forecast to fall over the next few years, from 2,363 in 2006 to 1,866 in 2010. Like the state's mining sector, Idaho's chemical sector has experienced employment gains recently. These increases were a welcome relief from the pummeling this sector experienced early in the decade. Most notably Astaris (formerly FMC) shut down its elemental phosphorous plant located just outside of Pocatello in 2002. Chemical employment declined over 17% that year. It shrank another 4.9% in 2003. This sector's recovery began slowly but accelerated over time. It posted its biggest annual gain in 2006, due in large part to the reclassification of retail workers as chemical workers. This reclassification occurred at the start of last year and explains why chemical employment climbed at a 37.5% annual rate during the first quarter of 2006. It appears this sector has another year of growth in it. Chemical employment should reach 2,142 this year then gradually fall to 1,961 in 2010.

Food Processing: Idaho's food processing sector remains the state's second largest manufacturing employer despite having suffered nine straight years of job losses. With an estimated 14,623 employees in 2006, only the computer and electronics sector is larger. The food processing sector has experienced a

Idaho Food Processing Employment



rash of calamities. For example, nearly 360 jobs were lost when unfavorable business conditions caused the J.R. Simplot Company to close its Nampa meat packing plant in the fall of 2003. In addition, the J.R. Simplot Company shuttered its Heyburn potato processing plant that was built in 1960 and since then had run continuously. More recently, the Swift and Company beef processing plant fell victim to the embargo of Canadian beef imports into the U.S. Concerns over mad cow disease restrict imports to animals under 30 months old. The Nampa plant processed older animals and was not able to get enough animals to keep

operations viable. About 400 jobs were lost when the company permanently closed the plant. These temporary setbacks do not mean this industry is in trouble. One of this sector's greatest strengths is its ability to adapt to changes, and this will keep the death knell from sounding. Although some plants have closed, new plants are opening. Gossner Foods, Inc. has opened a new cheese manufacturing plant in Heyburn on land formerly occupied by the J.R. Simplot plant. Marathon Cheese is building a \$27-million plant in Mountain Home that will employ 250 workers. The plant's employment should climb to twice that many jobs in five years, making it one of Elmore County's largest employers. After several years of losses, Idaho food processing employment is expected to stabilize near 15,000 jobs.

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 2006 to the January 2007 *Idaho Economic Forecast*. The October 2006 *Idaho Forecast* is based on Global Insight's October 2006 baseline forecast and the January 2007 *Idaho Forecast* is driven by Global Insight's December 2006 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed compared to the October 2006 *Idaho Economic Forecast*. The national variables are discussed first. This review shows the national economic outlook has been downgraded slightly compared to the previous forecast. For example, nominal output is down about one-half percentage point in each year. After adjusting for inflation, output is about two-tenths of a percentage point lower than its July counterpart. Likewise, U.S. personal income is also lower in the current forecast, with both nominal and real personal income off more than a percentage point. Consistent with the output and income forecasts, the forecast for U.S. nonfarm employment has also been lowered since October 2006. Given the weaker economic outlook, it is no surprise inflation is down from the previous forecast.

Idaho nonfarm employment is forecast to grow slightly slower compared to the previous forecast. As a result, total employment is about 3,700 jobs lower (0.5%) in 2009 than in the October 2006 forecast. This change reflects lower growth in both the goods- and nongoods-producing employment categories. The former category is an interesting case. The state's goods-producing sector actually has 1,116 more jobs in 2006 than it did in the previous forecast. Although its starting point is higher, it declines by an anticipated average of 0.9% per year from 2006 to 2009, which is steeper than was previously forecast. As a result, the goods-producing sector goes from having about 1,100 more jobs in 2006 to about 200 more jobs in 2009. The nongoods-producing sector grows slower than its October 2006 counterpart, so that by 2009 there are about 3,900 fewer jobs in this category compared to the October 2006 estimate. Idaho personal income shares a similar pattern as nonfarm employment. Specifically, nominal personal income is significantly higher in 2007 than in the previous forecast, but this advantage disappears over time, and personal income is actually slightly lower in 2009.

**IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
JANUARY 2007 AND OCTOBER 2006 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
GDP (BILLIONS)									
Current \$	0	0	0	0	0	-5	-62	-90	-81
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.6%	-0.5%
2000 Chain-Weighted	0	0	0	0	0	-2	-22	-38	-27
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.3%	-0.2%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	0	0	0	0	0	198	366	163	-83
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.8%	0.3%	-0.2%
U.S. (Billions)	0	0	0	0	0	-69	-116	-157	-159
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.6%	-1.0%	-1.3%	-1.2%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	0	0	0	0	0	163	351	171	-73
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.9%	0.4%	-0.2%
U.S. (Billions)	0	0	0	0	0	-62	-90	-123	-133
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.6%	-0.9%	-1.2%	-1.2%
TOTAL NONFARM EMPLOYMENT									
Idaho	1	4	3	0	-6	192	-19	-1,394	-3,669
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.5%
U.S. (Thousands)	0	0	0	0	0	40	-114	-341	-385
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.2%	-0.3%
GOODS PRODUCING SECTOR									
Idaho	-1	0	0	0	0	1,116	760	468	188
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.6%	0.4%	0.2%
U.S. (Thousands)	0	0	0	0	0	-14	-179	-180	-162
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.8%	-0.8%	-0.7%
NONGOODS PRODUCING SECTOR									
Idaho	2	4	3	0	-5	-924	-779	-1,862	-3,858
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	-0.3%	-0.7%
U.S. (Thousands)	0	0	0	0	0	54	65	-161	-223
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.1%	-0.2%
FINANCIAL MARKETS									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%
INFLATION									
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	-0.020	-0.305	-0.364	-0.378
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.025	-0.107	-0.098	0.013
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	-0.001	-0.010	-0.011	-0.010

Forecast Begins the **THIRD** Quarter of 2006

ALTERNATIVE FORECASTS

Global Insight has assigned a 60% probability of occurrence to its December 2006 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 3.3% in 2006, 2.2% in 2007, 3.2% in 2008, 3.4% in 2009, and 3.3% in 2010;
- U.S. nonfarm employment grows 1.4% in 2006, 0.9% in 2007, 1.3% in 2008, 1.5% in 2009, and 1.4% in 2010;
- the annual U.S. civilian unemployment rate is no higher than 5.0% through 2010;
- consumer inflation is 3.2% in 2006, 1.7% in 2007, 2.0% in 2008, and 1.8% in both 2009 and 2010;
- the current account deficit is \$873 billion in 2006, \$816 billion in 2007, \$788 billion in 2008, \$814 billion in 2009, and \$831 billion in 2010; and
- the federal unified budget deficit is \$248 billion in 2006, \$280 billion in 2007, \$287 billion in 2008, \$267 billion in 2009, and \$255 billion in 2010.

OPTIMISTIC SCENARIO

Global Insight has assigned its *Optimistic Scenario* a 20% probability of occurrence. Seven assumptions distinguish this scenario from the baseline. First, total factor productivity is stronger. Underlying this assumption is the belief the information-driven technology boom will continue. Second, foreign economic growth is stronger, which causes U.S. exports to grow faster in most years in this scenario. Third, the U.S. dollar is stronger in this scenario. Fourth, business investment is stronger. This is not hard to imagine because the current level of business spending is below the historical average at a time when businesses are running out of industrial capacity. Fifth, the federal budget deficit is lower thanks to higher revenues and lower federal transfer payments. Also contributing to the smaller deficit is lower interest payments. Sixth, better job growth, lower mortgage interest rates, and higher consumer confidence lead to stronger housing starts. Seventh, the *Optimistic Scenario* assumes energy prices are lower than in the baseline.

These assumptions produce a rosier forecast than the baseline. Real GDP is stronger in 2007, 2.7% versus 2.2%. Although economic growth and labor markets are stronger, inflation is lower because of the stronger dollar and the higher productivity gains. The lower inflation allows the Federal Reserve to keep its federal funds rate below the *Baseline Scenario's* rate. Job growth is also stronger, which keeps the unemployment rate below its baseline counterpart over the forecast period.

Although the U.S. economic outlook clearly improves under the assumptions of the *Optimistic Scenario*, it creates mixed results for the Idaho economy. Namely, Idaho's economy performs stronger in the early years of the forecast compared to the baseline, but this advantage disappears over time as stronger productivity growth suppresses both employment and wage gains. The effects are apparent in both the Idaho employment and income data. Idaho nonfarm employment goes from having about 2,100 more jobs in 2007 compared to its baseline counterpart to having about 1,400 fewer jobs by 2010. Idaho real personal income displays a similar pattern. It is \$112 million higher in 2007, but is nearly \$300 million lower than in the *Baseline Scenario* by 2010.

IDAHO ECONOMIC FORECAST

BASELINE AND ALTERNATIVE FORECASTS

JANUARY 2007

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
GDP (BILLIONS)												
Current \$	13,789	14,497	15,285	16,103	13,819	14,560	15,375	16,193	13,657	14,286	15,213	16,151
% Ch	4.2%	5.1%	5.4%	5.4%	4.4%	5.4%	5.6%	5.3%	3.2%	4.6%	6.5%	6.2%
2000 Chain-Weighted	11,659	12,028	12,441	12,854	11,721	12,191	12,694	13,174	11,511	11,710	12,077	12,403
% Ch	2.2%	3.2%	3.4%	3.3%	2.7%	4.0%	4.1%	3.8%	0.9%	1.7%	3.1%	2.7%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	47,361	50,216	53,509	57,370	47,155	49,510	52,372	55,720	48,380	51,785	55,755	60,934
% Ch	7.3%	6.0%	6.6%	7.2%	6.2%	5.0%	5.8%	6.4%	8.8%	7.0%	7.7%	9.3%
U.S. (Billions)	11,432	12,040	12,775	13,550	11,442	12,057	12,807	13,569	11,446	12,003	12,805	13,707
% Ch	4.9%	5.3%	6.1%	6.1%	5.0%	5.4%	6.2%	5.9%	5.0%	4.9%	6.7%	7.0%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	40,599	42,215	44,135	46,444	40,711	42,175	43,990	46,145	41,032	42,507	44,342	46,973
% Ch	5.4%	4.0%	4.5%	5.2%	5.0%	3.6%	4.3%	4.9%	5.8%	3.6%	4.3%	5.9%
U.S. (Billions)	9,800	10,122	10,537	10,969	9,878	10,270	10,757	11,237	9,708	9,853	10,184	10,568
% Ch	3.1%	3.3%	4.1%	4.1%	3.9%	4.0%	4.7%	4.5%	2.1%	1.5%	3.4%	3.8%
TOTAL NONFARM EMPLOYMENT												
Idaho	654,575	668,922	683,842	704,322	656,663	670,715	684,345	702,906	656,993	667,688	680,578	700,975
% Ch	2.6%	2.2%	2.2%	3.0%	2.7%	2.1%	2.0%	2.7%	2.7%	1.6%	1.9%	3.0%
U.S. (Thousands)	136,614	138,359	140,471	142,481	137,009	139,369	142,121	144,498	135,844	136,226	138,024	140,124
% Ch	0.9%	1.3%	1.5%	1.4%	1.2%	1.7%	2.0%	1.7%	0.4%	0.3%	1.3%	1.5%
GOODS-PRODUCING SECTOR												
Idaho	121,399	120,018	119,385	120,347	121,655	121,102	119,972	120,072	120,251	116,461	116,911	117,030
% Ch	-1.0%	-1.1%	-0.5%	0.8%	-0.8%	-0.5%	-0.9%	0.1%	-1.9%	-3.2%	0.4%	0.1%
U.S. (Thousands)	22,046	21,932	22,011	22,190	22,045	22,112	22,402	22,728	21,923	21,185	21,050	21,111
% Ch	-1.5%	-0.5%	0.4%	0.8%	-1.5%	0.3%	1.3%	1.5%	-2.1%	-3.4%	-0.6%	0.3%
NONGOODS-PRODUCING SECTOR												
Idaho	533,176	548,904	564,457	583,976	535,008	549,613	564,373	582,834	536,742	551,227	563,667	583,944
% Ch	3.4%	2.9%	2.8%	3.5%	3.5%	2.7%	2.7%	3.3%	3.9%	2.7%	2.3%	3.6%
U.S. (Thousands)	114,568	116,427	118,460	120,290	114,964	117,257	119,719	121,770	113,921	115,041	116,975	119,013
% Ch	1.4%	1.6%	1.7%	1.5%	1.8%	2.0%	2.1%	1.7%	0.9%	1.0%	1.7%	1.7%
SELECTED INTEREST RATES												
Federal Funds	4.9%	4.5%	4.7%	4.8%	4.7%	4.3%	4.5%	4.5%	7.0%	7.1%	6.1%	5.7%
Bank Prime	7.9%	7.5%	7.7%	7.8%	7.7%	7.3%	7.5%	7.5%	10.0%	10.1%	9.1%	8.7%
Existing Home Mortgage	6.4%	6.5%	7.0%	7.1%	6.2%	6.2%	6.7%	6.7%	7.4%	8.1%	7.9%	7.9%
INFLATION												
GDP Price Deflator	1.9%	1.9%	1.9%	2.0%	1.6%	1.3%	1.4%	1.5%	2.3%	2.8%	3.3%	3.4%
Personal Cons Deflator	1.8%	2.0%	1.9%	1.9%	1.1%	1.3%	1.4%	1.4%	2.9%	3.3%	3.2%	3.2%
Consumer Price Index	1.7%	2.0%	1.8%	1.8%	0.9%	1.4%	1.4%	1.3%	2.7%	3.0%	2.9%	3.0%

Forecast Begins the **THIRD** Quarter of 2006

PESSIMISTIC SCENARIO

The *Pessimistic Scenario* has been assigned a 20% probability of occurrence. In this scenario, a key lever in the forecast is core inflation is higher than in the baseline case. One of the reasons for the price acceleration is this alternative assumes there is less spare capacity in the world. Rapid technological advances and high oil prices may have rendered obsolete much of the idled capacity that theoretically remains on the books. This alternative forecast also assumes the dollar weakens as foreign investors flee the greenback over concerns of the huge U.S. trade deficit. The Federal Reserve raises interest rates more steeply in this alternative compared to the baseline. Despite this more aggressive stance, both the bond and stock markets slip on signs the Federal Reserve may have responded too slowly to rising inflation. Both of these factors point to higher interest rates than in the baseline. The rising interest rates deepen the housing downturn. The Federal Reserve may concede the round to inflation, but not the match, and it continues to raise rates in order to stop inflation.

Consumer confidence suffers from the higher interest rates and persistently high energy prices. Consumer confidence is dented further under the combined weight of slow job growth and increasing debt loads. As a result of these combined concerns, consumers reel in their discretionary spending, which causes the economy to suffer. The economy does not sink into a recession in this alternative, but merely fails to come as close to its potential as in the baseline.

Idaho nonfarm employment increases slightly slower in the *Pessimistic Scenario*, averaging 2.3% annual growth versus the *Baseline Scenario's* 2.5% pace. As a result of this dampened growth, Idaho nonfarm employment in 2010 is about 3,500 lower than its baseline counterpart. The state's goods-producing sector accounts for virtually the entire gap. However, Idaho real personal income fares better in the *Optimistic Scenario* thanks to strong showings in 2007 and 2010. As a result, Idaho real personal income is \$529 million higher than in the baseline case. This gap partially results from stronger wage growth that stems from the weaker productivity growth. But wages do not explain the entire difference. The dividends, interest, and rent income portion of personal income is also higher thanks to elevated interest rates.

The Rise in Homeownership

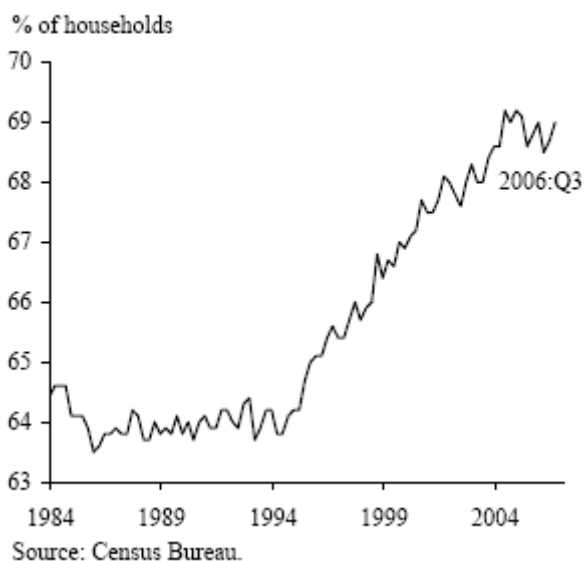
Mark Doms

Meryl Motika¹

After decades of relative stability, the rate of U.S. homeownership began to surge in the mid-1990s, rising from 64% in 1994 to a peak of 69% in 2004, near which it has hovered ever since; this translates into 12 million more homeowners over the period (Figure 1). Understanding the forces behind such trends in homeownership is important not only because supporting homeownership has been an unequivocal public policy goal for decades but also because homes are an important part of people's net worth and, therefore, can affect their spending, working, and saving decisions.

In this *Economic Letter*, we examine several potential reasons for this surge in the homeownership rate. We find that, while demographic changes have some role to play, it is likely that much of the increase is due to innovations in the mortgage finance industry that may have helped a large number of households buy homes more easily than they could have a decade ago.

Figure 1
Homeownership rate, 1984-2006



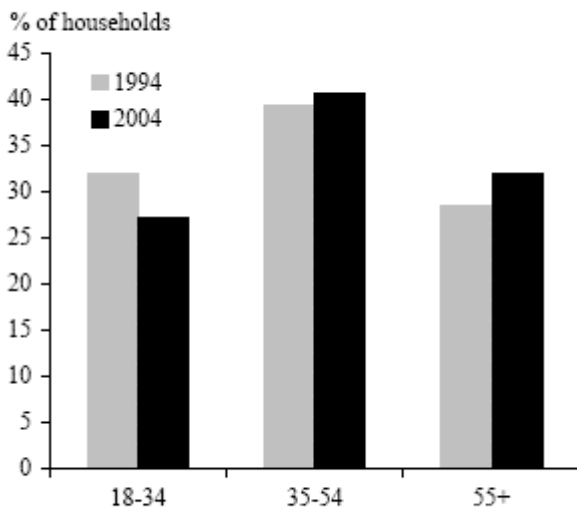
The importance of homeownership and basic facts

Homeownership has frequently been cited as an integral feature of the American Dream and, indeed, a host of government policies have been enacted over the decades to encourage it. For instance, the federal government established a number of agencies specifically designed to increase access to credit for purchasing homes, including the Rural Housing Service, the Federal Housing Administration, and the Federal Home Loan Banks. Additionally, homeowners enjoy a host of tax benefits, including deductions for mortgage interest and real estate taxes, as well as a sizable exclusion on capital gains from home sales.

From the homeowner's point of view, the decisions of whether, when, and how to purchase a home are important, as they significantly affect the household's balance sheet and other financial decisions. Bucks, Kennickell, and Moore (2006) report that in 2004 primary residences accounted for 32% of total family assets, and the debt secured by those residences accounted for 75% of total family debt. Paying back mortgages and home equity loans can be a significant burden on households; for example, the median household in 2004 with any property debt devoted 17% of its pretax income to servicing that debt (Doms and Motika 2006). The home's importance as an asset has been especially visible during the recent run-up in house prices, as homeowners have tapped into the increased equity in their homes to boost consumption.

¹ This article originally appeared in the Number 2006-30; November 3, 2006 *FRBSF Economic Letter*. Opinions expressed in this article are those of the authors and do not necessarily reflect the views of the management of the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.

Figure 2
Population share by age group, 1994 and 2004



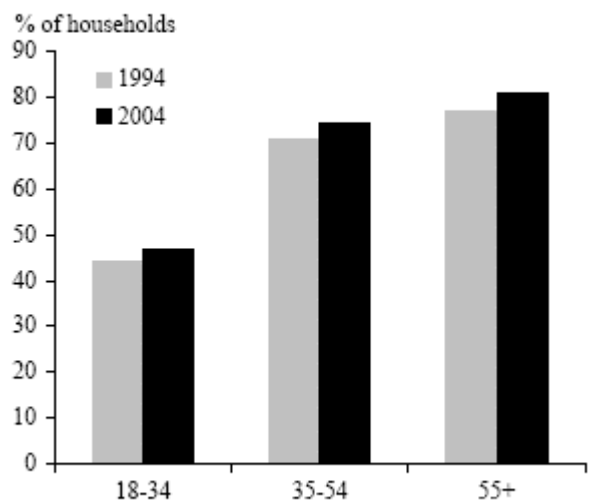
Source: Authors' calculations from monthly Current Population Survey (CPS) files.

The role of demographic changes

To explore the role of changing demographics in the increase in the U.S. homeownership rate, we first look at broad trends between 1994 and 2004 using data from the Current Population Survey, which is conducted by the Bureau of Labor Statistics. Figure 2 breaks the population into three age groups, and the results confirm the well-known fact that the age distribution has shifted as the baby boom generation has moved up the age scale. Figure 3 shows the changes in homeownership rates within these three age groups, and, as expected, it shows that households headed by older people are more likely to be homeowners; it also shows that homeownership rates increased between 1994 and 2004 for young, middle-aged, and older Americans. Given these data, it seems natural to explore whether the aging of the population or the greater propensity for households within each age category to be homeowners accounts for most of the increase in the overall homeownership rate.

Doms and Krainer (2006) quantify the role of changing demographics by decomposing the increase in the homeownership rate into three components. The first component measures the extent to which the overall homeownership rate would change if each demographic group did not change its propensity to be homeowners, but the share of population in each demographic group did change. The second component asks to what extent the overall homeownership rate would change if the share of each demographic group stayed the same, but their propensity to be homeowners changed. The third component, which tends to be very small in the cases we examined, captures the correlation between the change in the propensity to be a homeowner and the change in the share. (See Doms and Krainer 2006 for more details and precise definitions used in this analysis). The authors find that the first component, the aging of the population, accounts for a little more than one-third of the change in the overall homeownership rate. The second component, the change in homeownership propensity, accounts for almost two-thirds of the change, making this factor about twice as important as the aging of the population in understanding the change in the overall homeownership rate.

Figure 3
Homeownership rate by age group, 1994 and 2004



Source: Authors' calculations from monthly CPS files.

Doms and Krainer performed similar decompositions for other demographic characteristics, including educational attainment, marital status, wage income, and the number of children. They found that the overall increase in the homeownership rate was mainly driven by the increased propensity to be homeowners. Although nearly every demographic slice of the population enjoyed higher home ownership rates in 1994 than in 2004, especially large increases occurred for households headed by people with college degrees and households where the head is unmarried. Thus, changing demographics help explain some of the increase in the overall homeownership rate, but they do not represent the most important piece of the story.

Other possible explanations

Several factors other than demographic changes may explain the broad-based increases in homeownership rates. Unfortunately, however, there is little research available to quantify their effects; therefore, the ideas in this section are more speculative than the demographic analysis. With that said, it seems plausible that one of the more important factors explaining the broad-based increase in homeownership from 1994 to 2004 could be the myriad of innovations in the mortgage finance industry that occurred during that time, some of which are discussed below and more thoroughly discussed in Doms and Krainer (2006).

Several innovations helped propel the rise of the subprime market during the 1990s and into the 2000s. Although definitions of subprime mortgages vary, in essence they are loans given to households with lower credit quality, and they entail higher than average interest rates. According to Harvard University's Joint Center for Housing Studies (2006), between 2001 and 2005, the subprime market grew from just \$210 billion (in real terms) to \$625 billion. It seems probable that the growth in the subprime market has given many households access to credit that would previously have been denied; hence, the increase in the subprime market may have helped boost the homeownership rate.

Growth in the subprime market arose, in part, because of the increased use of credit scoring. Credit scoring is a relatively low-cost technique of assessing the risk of a loan, so it may have made subprime lending decisions cheaper and allowed mortgage lenders to consider a larger volume of high-risk loans.

Another type of innovation in the mortgage industry that may have boosted demand for homeownership is the development of home equity lines of credit and streamlined processes for refinancing. Using these, homeowners can tap the equity from their homes easily and at relatively low costs, thus making the home a more appealing savings vehicle and, consequently, making homeownership more desirable. Also, as discussed in Doms and Krainer (2006), there has been an increase in the array of mortgage products available to consumers, especially products that have low initial payments and low down payment requirements. These products may be especially appealing to consumers who are cash constrained and expect their incomes to increase over time.

Of course, there are reasons beyond innovations in the mortgage industry for homeownership to have increased. For instance, from 2000 to 2004, house prices increased at an attractive 8.7% per year on average; it is possible that homeownership rose in part because some households viewed housing as a good investment. However, there are a couple of reasons to suspect that this "investment" story may not be as important as other stories in understanding the increase in homeownership. For one, the homeownership rate started increasing well before house prices started posting increases that were above their long-term average; for another, the increase in homeownership rates occurred at a time when other investments, namely equities, posted above-average gains.

This list of possible reasons for the increase in homeownership rates is far from exhaustive, but includes some of the most likely suspects. Given the importance that policymakers place on homeownership, and the importance of homes in families' portfolios, they will be the focus of further research.

Conclusion

The homeownership rate in the United States increased steadily and sharply from 1994 to 2004. A portion of the increase may be due to the aging of the population, but increases in homeownership rates are widespread across many demographic groups, so one must look beyond demographic trends to explain the increase. As this *Economic Letter* suggests, some of the explanation likely stems from innovations in the mortgage market that resulted in greater access to credit, lower down payment requirements, and easy and low-cost access to the equity in a house, which makes homeownership more attractive.

References

[URLs accessed October 2006.]

Bucks, Brian K., Arthur B. Kennickell, and Kevin B. Moore. 2006. "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances." *Federal Reserve Bulletin* 92, pp. A1-A38. <http://www.federalreserve.gov/pubs/bulletin/2006/financesurvey.pdf>

Doms, Mark, and John Krainer. 2006. "Mortgage Market Innovation and Consumer Welfare." Manuscript.

Doms, Mark, and Meryl Motika. 2006. "Property Debt Burdens." *FRBSF Economic Letter* 2006-18 (July 28). <http://www.frbsf.org/publications/economics/letter/2006/el2006-18.html>

Joint Center for Housing Studies of Harvard. 2006. *The State of the Nation's Housing 2006*. Cambridge, MA: Harvard University. <http://www.jchs.harvard.edu/publications/markets/son2006/index.htm>

IDAHO ECONOMIC FORECAST

JANUARY 2007

FORECAST DETAIL

Annual Forecast 1993-2010	Page 30
Quarterly Forecast 2004-2009	Page 44

Reporting Conventions

Units of measurement are presented in the individual reports.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

Data Sources

National forecast data is provided by Global Insight, as well as the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data is obtained from the Department of Commerce and Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Commerce and Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

DEMOGRAPHICS

	1993	1994	1995	1996	1997	1998	1999	2000	2001
POPULATION									
Idaho (Thousands)	1,108.6	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7	1,299.1	1,320.7
% Ch	3.4%	3.3%	2.8%	2.2%	2.1%	1.9%	1.9%	1.8%	1.7%
National (Millions)	260.688	263.853	266.980	270.115	273.368	276.553	279.731	282.802	285.729
% Ch	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.0%
BIRTHS									
Idaho (Thousands)	17.575	17.690	17.915	18.482	18.599	19.188	19.897	20.304	20.684
% Ch	2.2%	0.7%	1.3%	3.2%	0.6%	3.2%	3.7%	2.0%	1.9%
National (Thousands)	3,997	3,964	3,935	3,911	3,892	3,880	3,874	3,872	3,876
% Ch	-1.0%	-0.8%	-0.7%	-0.6%	-0.5%	-0.3%	-0.2%	-0.1%	0.1%
DEATHS									
Idaho (Thousands)	8.277	8.478	8.553	8.679	8.953	9.105	9.488	9.538	9.811
% Ch	4.9%	2.4%	0.9%	1.5%	3.2%	1.7%	4.2%	0.5%	2.9%
National (Thousands)	2,237	2,264	2,291	2,318	2,345	2,372	2,399	2,424	2,446
% Ch	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.0%	0.9%
NET MIGRATION									
Idaho (Thousands)	27.168	27.115	22.652	16.417	15.583	13.836	12.975	12.658	10.645
HOUSING									
HOUSING STARTS									
Idaho	11,549	12,782	9,425	9,237	8,861	10,105	10,334	11,468	12,184
% Ch	20.2%	10.7%	-26.3%	-2.0%	-4.1%	14.0%	2.3%	11.0%	6.2%
National (Millions)	1.292	1.446	1.361	1.469	1.475	1.621	1.647	1.573	1.601
% Ch	7.5%	12.0%	-5.9%	7.9%	0.4%	9.9%	1.6%	-4.5%	1.8%
SINGLE UNITS									
Idaho	8,949	9,424	7,296	7,843	7,651	9,039	9,191	10,336	10,375
% Ch	13.1%	5.3%	-22.6%	7.5%	-2.4%	18.1%	1.7%	12.5%	0.4%
National (Millions)	1.131	1.191	1.082	1.154	1.136	1.278	1.306	1.232	1.272
% Ch	9.6%	5.4%	-9.2%	6.7%	-1.6%	12.4%	2.2%	-5.7%	3.2%
MULTIPLE UNITS									
Idaho	2,600	3,358	2,129	1,393	1,209	1,066	1,144	1,133	1,809
% Ch	52.8%	29.2%	-36.6%	-34.6%	-13.2%	-11.9%	7.3%	-1.0%	59.8%
National (Millions)	0.161	0.255	0.279	0.314	0.338	0.344	0.341	0.341	0.330
% Ch	-5.1%	58.3%	9.4%	12.7%	7.6%	1.6%	-0.7%	0.1%	-3.5%
HOUSING STOCK									
Idaho (Thousands)	357.0	368.8	377.9	386.3	393.8	402.4	411.4	421.2	432.1
% Ch	2.8%	3.3%	2.4%	2.2%	1.9%	2.2%	2.2%	2.4%	2.6%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

DEMOGRAPHICS

	2002	2003	2004	2005	2006	2007	2008	2009	2010
POPULATION									
Idaho (Thousands)	1,342.0	1,365.5	1,391.0	1,428.0	1,465.7	1,498.7	1,530.3	1,561.1	1,594.7
% Ch	1.6%	1.8%	1.9%	2.7%	2.6%	2.3%	2.1%	2.0%	2.1%
National (Millions)	288.567	291.434	294.232	296.941	299.625	302.293	304.935	307.599	310.263
% Ch	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS									
Idaho (Thousands)	21.002	21.735	22.526	23.069	24.341	25.153	25.910	26.636	27.470
% Ch	1.5%	3.5%	3.6%	2.4%	5.5%	3.3%	3.0%	2.8%	3.1%
National (Thousands)	3,885	3,901	3,925	3,955	3,991	4,033	4,077	4,123	4,168
% Ch	0.2%	0.4%	0.6%	0.8%	0.9%	1.0%	1.1%	1.1%	1.1%
DEATHS									
Idaho (Thousands)	9.935	10.308	10.020	10.413	10.479	10.706	10.925	11.139	11.370
% Ch	1.3%	3.8%	-2.8%	3.9%	0.6%	2.2%	2.0%	2.0%	2.1%
National (Thousands)	2,467	2,487	2,507	2,528	2,548	2,569	2,590	2,611	2,633
% Ch	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
NET MIGRATION									
Idaho (Thousands)	10.247	12.077	13.013	24.319	23.911	18.556	16.615	15.292	17.459
HOUSING									
HOUSING STARTS									
Idaho	13,200	16,305	18,486	23,163	20,813	20,071	19,764	19,567	20,195
% Ch	8.3%	23.5%	13.4%	25.3%	-10.1%	-3.6%	-1.5%	-1.0%	3.2%
National (Millions)	1,710	1,854	1,950	2,073	1,801	1,497	1,599	1,703	1,750
% Ch	6.8%	8.4%	5.2%	6.3%	-13.1%	-16.9%	6.8%	6.5%	2.8%
SINGLE UNITS									
Idaho	11,127	13,817	16,075	20,802	18,887	18,065	17,768	17,732	18,268
% Ch	7.3%	24.2%	16.3%	29.4%	-9.2%	-4.4%	-1.6%	-0.2%	3.0%
National (Millions)	1,363	1,505	1,604	1,719	1,461	1,162	1,271	1,365	1,415
% Ch	7.2%	10.4%	6.6%	7.2%	-15.0%	-20.5%	9.4%	7.4%	3.7%
MULTIPLE UNITS									
Idaho	2,073	2,488	2,411	2,361	1,926	2,005	1,996	1,835	1,927
% Ch	14.6%	20.0%	-3.1%	-2.1%	-18.4%	4.1%	-0.5%	-8.1%	5.0%
National (Millions)	0.347	0.349	0.345	0.354	0.340	0.334	0.327	0.338	0.335
% Ch	5.3%	0.5%	-1.0%	2.6%	-4.1%	-1.5%	-2.1%	3.3%	-1.0%
HOUSING STOCK									
Idaho (Thousands)	442.9	457.0	473.0	493.4	514.0	532.4	550.7	568.6	586.8
% Ch	2.5%	3.2%	3.5%	4.3%	4.2%	3.6%	3.4%	3.2%	3.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

OUTPUT, INCOME, & WAGES

	1993	1994	1995	1996	1997	1998	1999	2000	2001
GROSS DOM. PRODUCT (Billions)									
Current Dollars	6,657	7,072	7,398	7,817	8,304	8,747	9,268	9,817	10,128
% Ch	5.0%	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%	5.9%	3.2%
2000 Chain-Weighted	7,533	7,835	8,032	8,329	8,704	9,067	9,470	9,817	9,891
% Ch	2.7%	4.0%	2.5%	3.7%	4.5%	4.2%	4.4%	3.7%	0.8%
 PERSONAL INCOME - CURR \$									
Idaho (Millions)	20,072	21,422	22,871	24,360	25,367	27,287	29,068	31,290	33,054
% Ch	9.6%	6.7%	6.8%	6.5%	4.1%	7.6%	6.5%	7.6%	5.6%
Idaho Nonfarm (Millions)	19,009	20,685	22,057	23,433	24,611	26,350	28,054	30,448	32,039
% Ch	8.8%	8.8%	6.6%	6.2%	5.0%	7.1%	6.5%	8.5%	5.2%
National (Billions)	5,559	5,843	6,152	6,521	6,915	7,423	7,802	8,430	8,724
% Ch	3.7%	5.1%	5.3%	6.0%	6.1%	7.3%	5.1%	8.0%	3.5%
 PERSONAL INCOME - 2000 \$									
Idaho (Millions)	22,858	23,892	24,973	26,040	26,666	28,429	29,788	31,289	32,376
% Ch	7.1%	4.5%	4.5%	4.3%	2.4%	6.6%	4.8%	5.0%	3.5%
Idaho Nonfarm (Millions)	21,648	23,068	24,085	25,048	25,871	27,452	28,748	30,447	31,382
% Ch	6.3%	6.6%	4.4%	4.0%	3.3%	6.1%	4.7%	5.9%	3.1%
National (Billions)	6,330	6,516	6,718	6,970	7,269	7,734	7,996	8,429	8,545
% Ch	1.3%	2.9%	3.1%	3.8%	4.3%	6.4%	3.4%	5.4%	1.4%
 PER CAPITA PERS INC - CURR \$									
Idaho	18,103	18,708	19,431	20,246	20,649	21,788	22,784	24,084	25,029
% Ch	6.0%	3.3%	3.9%	4.2%	2.0%	5.5%	4.6%	5.7%	3.9%
National	21,322	22,142	23,043	24,139	25,295	26,840	27,891	29,807	30,533
% Ch	2.3%	3.8%	4.1%	4.8%	4.8%	6.1%	3.9%	6.9%	2.4%
 PER CAPITA PERS INC - 2000 \$									
Idaho	20,617	20,866	21,218	21,642	21,707	22,700	23,349	24,084	24,515
% Ch	3.6%	1.2%	1.7%	2.0%	0.3%	4.6%	2.9%	3.1%	1.8%
National	24,282	24,695	25,163	25,803	26,591	27,964	28,584	29,806	29,907
% Ch	0.0%	1.7%	1.9%	2.5%	3.1%	5.2%	2.2%	4.3%	0.3%
 AVERAGE ANNUAL WAGE									
Idaho	22,051	22,728	23,594	24,147	24,803	25,822	26,992	28,657	28,736
% Ch	2.0%	3.1%	3.8%	2.3%	2.7%	4.1%	4.5%	6.2%	0.3%
National	27,807	28,279	29,148	30,237	31,582	33,219	34,622	36,642	37,494
% Ch	1.4%	1.7%	3.1%	3.7%	4.5%	5.2%	4.2%	5.8%	2.3%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006**

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

OUTPUT, INCOME, & WAGES

	2002	2003	2004	2005	2006	2007	2008	2009	2010
GROSS DOM. PRODUCT (Billions)									
Current Dollars	10,470	10,961	11,712	12,456	13,237	13,789	14,497	15,285	16,103
% Ch	3.4%	4.7%	6.9%	6.3%	6.3%	4.2%	5.1%	5.4%	5.4%
2000 Chain-Weighted	10,049	10,301	10,704	11,049	11,410	11,659	12,028	12,441	12,854
% Ch	1.6%	2.5%	3.9%	3.2%	3.3%	2.2%	3.2%	3.4%	3.3%
 PERSONAL INCOME - CURR \$									
Idaho (Millions)	33,849	34,687	38,090	40,584	44,147	47,361	50,216	53,509	57,370
% Ch	2.4%	2.5%	9.8%	6.5%	8.8%	7.3%	6.0%	6.6%	7.2%
Idaho Nonfarm (Millions)	32,921	33,969	36,942	39,589	43,121	46,303	49,140	52,419	56,267
% Ch	2.8%	3.2%	8.8%	7.2%	8.9%	7.4%	6.1%	6.7%	7.3%
National (Billions)	8,882	9,164	9,731	10,239	10,898	11,432	12,040	12,775	13,550
% Ch	1.8%	3.2%	6.2%	5.2%	6.4%	4.9%	5.3%	6.1%	6.1%
 PERSONAL INCOME - 2000 \$									
Idaho (Millions)	32,690	32,847	35,143	36,397	38,522	40,599	42,215	44,135	46,444
% Ch	1.0%	0.5%	7.0%	3.6%	5.8%	5.4%	4.0%	4.5%	5.2%
Idaho Nonfarm (Millions)	31,795	32,167	34,083	35,504	37,627	39,692	41,311	43,235	45,551
% Ch	1.3%	1.2%	6.0%	4.2%	6.0%	5.5%	4.1%	4.7%	5.4%
National (Billions)	8,578	8,678	8,979	9,183	9,510	9,800	10,122	10,537	10,969
% Ch	0.4%	1.2%	3.5%	2.3%	3.6%	3.1%	3.3%	4.1%	4.1%
 PER CAPITA PERS INC - CURR \$									
Idaho	25,222	25,402	27,381	28,418	30,116	31,599	32,811	34,273	35,973
% Ch	0.8%	0.7%	7.8%	3.8%	6.0%	4.9%	3.8%	4.5%	5.0%
National	30,779	31,442	33,072	34,481	36,370	37,816	39,483	41,530	43,670
% Ch	0.8%	2.2%	5.2%	4.3%	5.5%	4.0%	4.4%	5.2%	5.2%
 PER CAPITA PERS INC - 2000 \$									
Idaho	24,360	24,055	25,264	25,489	26,280	27,088	27,585	28,270	29,123
% Ch	-0.6%	-1.2%	5.0%	0.9%	3.1%	3.1%	1.8%	2.5%	3.0%
National	29,727	29,775	30,515	30,926	31,738	32,417	33,193	34,255	35,354
% Ch	-0.6%	0.2%	2.5%	1.3%	2.6%	2.1%	2.4%	3.2%	3.2%
 AVERAGE ANNUAL WAGE									
Idaho	29,209	29,774	30,958	31,931	33,928	35,586	36,869	38,458	40,166
% Ch	1.6%	1.9%	4.0%	3.1%	6.3%	4.9%	3.6%	4.3%	4.4%
National	38,214	39,330	41,026	42,444	44,585	46,042	47,634	49,511	51,483
% Ch	1.9%	2.9%	4.3%	3.5%	5.0%	3.3%	3.5%	3.9%	4.0%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

PERSONAL INCOME--CURRENT \$\$

	1993	1994	1995	1996	1997	1998	1999	2000	2001
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	9,979	10,896	11,701	12,284	13,078	13,936	15,024	16,552	16,880
% Ch	7.4%	9.2%	7.4%	5.0%	6.5%	6.6%	7.8%	10.2%	2.0%
National (Billions)	3,083	3,232	3,419	3,620	3,878	4,183	4,466	4,829	4,943
% Ch	3.4%	4.8%	5.8%	5.9%	7.1%	7.9%	6.8%	8.1%	2.4%
FARM PROPRIETORS INCOME									
Idaho (Millions)	836	453	515	643	425	607	690	471	646
% Ch	30.2%	-45.8%	13.6%	25.0%	-33.9%	42.8%	13.7%	-31.8%	37.1%
National (Billions)	31	34	23	37	34	29	29	23	20
% Ch	-9.5%	8.7%	-33.2%	64.5%	-8.3%	-14.1%	-2.6%	-20.7%	-13.1%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	2,087	2,312	2,229	2,324	2,313	2,480	2,765	2,883	3,312
% Ch	18.0%	10.8%	-3.6%	4.2%	-0.5%	7.2%	11.5%	4.3%	14.9%
National (Billions)	423	439	469	506	542	598	650	706	752
% Ch	7.5%	4.0%	6.8%	7.8%	7.1%	10.4%	8.6%	8.6%	6.6%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	3,568	3,957	4,350	4,718	5,068	5,545	5,546	5,909	6,195
% Ch	6.8%	10.9%	9.9%	8.5%	7.4%	9.4%	0.0%	6.5%	4.8%
National (Billions)	997	1,070	1,139	1,221	1,310	1,421	1,412	1,537	1,547
% Ch	0.9%	7.3%	6.4%	7.2%	7.3%	8.4%	-0.6%	8.9%	0.7%
OTHER LABOR INCOME									
Idaho (Millions)	2,516	2,729	2,846	2,881	2,929	3,063	3,243	3,549	3,647
% Ch	12.6%	8.5%	4.3%	1.2%	1.7%	4.6%	5.9%	9.4%	2.8%
National (Billions)	472	493	494	492	498	530	562	610	643
% Ch	6.8%	4.4%	0.1%	-0.2%	1.0%	6.5%	6.2%	8.5%	5.4%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	2,645	2,789	3,023	3,319	3,408	3,557	3,776	4,079	4,568
% Ch	7.5%	5.5%	8.4%	9.8%	2.7%	4.4%	6.1%	8.0%	12.0%
National (Billions)	790	827	877	925	951	979	1,022	1,084	1,194
% Ch	5.4%	4.7%	6.1%	5.4%	2.8%	2.9%	4.4%	6.1%	10.1%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	1,767	1,951	2,074	2,134	2,223	2,337	2,480	2,676	2,724
% Ch	9.5%	10.5%	6.3%	2.9%	4.2%	5.1%	6.1%	7.9%	1.8%
National (Billions)	240	254	264	275	290	307	323	344	357
% Ch	5.0%	6.0%	3.9%	4.1%	5.3%	6.0%	5.3%	6.2%	3.8%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	210	238	281	326	369	437	504	525	531
% Ch	9.5%	13.3%	18.3%	15.9%	13.2%	18.3%	15.4%	4.1%	1.1%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

PERSONAL INCOME--CURRENT \$\$

	2002	2003	2004	2005	2006	2007	2008	2009	2010
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	17,256	17,693	18,915	20,364	22,443	24,072	25,467	27,126	29,140
% Ch	2.2%	2.5%	6.9%	7.7%	10.2%	7.3%	5.8%	6.5%	7.4%
National (Billions)	4,981	5,113	5,392	5,665	6,034	6,290	6,591	6,955	7,336
% Ch	0.8%	2.6%	5.5%	5.1%	6.5%	4.2%	4.8%	5.5%	5.5%
FARM PROPRIETORS INCOME									
Idaho (Millions)	497	338	730	465	544	631	637	645	652
% Ch	-23.0%	-32.0%	115.7%	-36.3%	17.1%	15.9%	1.0%	1.1%	1.1%
National (Billions)	11	29	36	30	23	26	25	25	27
% Ch	-46.3%	176.4%	23.9%	-16.4%	-25.0%	13.1%	-4.5%	3.9%	5.8%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	3,290	3,389	3,785	4,211	4,467	4,672	5,013	5,377	5,738
% Ch	-0.6%	3.0%	11.7%	11.2%	6.1%	4.6%	7.3%	7.2%	6.7%
National (Billions)	758	782	875	940	991	1,023	1,093	1,168	1,243
% Ch	0.7%	3.2%	11.9%	7.5%	5.4%	3.2%	6.8%	6.9%	6.4%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	6,051	6,227	7,036	7,344	7,940	8,612	9,294	10,107	10,985
% Ch	-2.3%	2.9%	13.0%	4.4%	8.1%	8.5%	7.9%	8.8%	8.7%
National (Billions)	1,486	1,470	1,555	1,592	1,736	1,854	1,987	2,166	2,354
% Ch	-4.0%	-1.1%	5.8%	2.4%	9.0%	6.8%	7.2%	9.0%	8.7%
OTHER LABOR INCOME									
Idaho (Millions)	4,041	4,260	4,659	5,081	5,583	5,993	6,183	6,428	6,813
% Ch	10.8%	5.4%	9.4%	9.1%	9.9%	7.4%	3.2%	4.0%	6.0%
National (Billions)	745	816	866	933	993	1,040	1,071	1,108	1,156
% Ch	15.9%	9.5%	6.2%	7.7%	6.4%	4.8%	3.0%	3.4%	4.3%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	4,971	5,256	5,612	6,015	6,396	6,805	7,236	7,702	8,223
% Ch	8.8%	5.7%	6.8%	7.2%	6.3%	6.4%	6.3%	6.4%	6.8%
National (Billions)	1,286	1,351	1,427	1,527	1,604	1,706	1,805	1,912	2,028
% Ch	7.7%	5.0%	5.6%	7.0%	5.1%	6.4%	5.8%	6.0%	6.0%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	2,802	3,024	3,223	3,510	3,894	4,121	4,331	4,622	4,969
% Ch	2.9%	7.9%	6.6%	8.9%	10.9%	5.8%	5.1%	6.7%	7.5%
National (Billions)	365	382	407	432	462	484	506	534	562
% Ch	2.4%	4.6%	6.5%	6.2%	7.0%	4.6%	4.7%	5.5%	5.3%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	544	549	577	614	667	696	717	746	788
% Ch	2.5%	1.0%	5.1%	6.4%	8.6%	4.4%	2.9%	4.1%	5.6%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007

EMPLOYMENT

	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONFARM EMPLOYMENT									
Idaho	434,502	460,210	477,044	490,900	507,422	520,477	538,098	558,578	568,031
% Ch	5.1%	5.9%	3.7%	2.9%	3.4%	2.6%	3.4%	3.8%	1.7%
National (Thousands)	110,847	114,282	117,306	119,699	122,767	125,924	128,992	131,792	131,832
% Ch	2.0%	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%	2.2%	0.0%
GOODS PRODUCING SECTOR									
Idaho	90,363	97,411	98,309	102,402	105,505	106,974	108,721	111,882	110,223
% Ch	6.3%	7.8%	0.9%	4.2%	3.0%	1.4%	1.6%	2.9%	-1.5%
National (Thousands)	22,221	22,777	23,161	23,412	23,884	24,352	24,467	24,653	23,874
% Ch	0.6%	2.5%	1.7%	1.1%	2.0%	2.0%	0.5%	0.8%	-3.2%
MANUFACTURING									
Idaho	63,131	65,718	65,639	68,313	70,185	71,529	71,213	73,032	70,392
% Ch	5.4%	4.1%	-0.1%	4.1%	2.7%	1.9%	-0.4%	2.6%	-3.6%
National (Thousands)	16,857	17,106	17,327	17,317	17,500	17,640	17,404	17,345	16,515
% Ch	-0.1%	1.5%	1.3%	-0.1%	1.1%	0.8%	-1.3%	-0.3%	-4.8%
DURABLE MANUFACTURING									
Idaho	34,785	37,821	39,957	42,448	44,215	45,892	45,698	47,407	45,099
% Ch	8.3%	8.7%	5.6%	6.2%	4.2%	3.8%	-0.4%	3.7%	-4.9%
National (Thousands)	9,983	10,214	10,456	10,565	10,785	10,990	10,912	10,956	10,408
% Ch	-0.4%	2.3%	2.4%	1.0%	2.1%	1.9%	-0.7%	0.4%	-5.0%
LOGGING & WOOD PRODUCTS									
Idaho	10,796	11,774	11,864	12,024	11,898	11,464	11,480	11,567	9,849
% Ch	3.2%	9.1%	0.8%	1.3%	-1.0%	-3.6%	0.1%	0.8%	-14.9%
National (Thousands)	605	643	656	663	677	689	701	692	647
% Ch	4.3%	6.2%	2.0%	1.1%	2.1%	1.7%	1.8%	-1.3%	-6.5%
METAL FABRICATION									
Idaho	2,577	2,958	3,410	3,582	3,793	3,826	3,942	4,030	3,876
% Ch	5.8%	14.8%	15.3%	5.0%	5.9%	0.9%	3.0%	2.2%	-3.8%
National (Thousands)	1,510	1,566	1,624	1,648	1,696	1,739	1,728	1,753	1,677
% Ch	0.8%	3.7%	3.7%	1.5%	2.9%	2.6%	-0.6%	1.4%	-4.4%
MACHINERY									
Idaho	2,613	2,901	3,078	3,189	3,065	3,178	3,039	3,305	3,056
% Ch	11.1%	11.0%	6.1%	3.6%	-3.9%	3.7%	-4.4%	8.7%	-7.5%
National (Thousands)	1,329	1,379	1,440	1,466	1,494	1,512	1,466	1,455	1,368
% Ch	1.5%	3.8%	4.4%	1.8%	1.9%	1.3%	-3.1%	-0.8%	-6.0%
COMPUTER & ELECTRONICS									
Idaho	13,169	13,646	14,324	16,280	17,727	19,055	18,406	19,454	19,656
% Ch	12.1%	3.6%	5.0%	13.7%	8.9%	7.5%	-3.4%	5.7%	1.0%
National (Thousands)	1,656	1,651	1,688	1,747	1,803	1,831	1,781	1,820	1,749
% Ch	-3.0%	-0.3%	2.3%	3.4%	3.2%	1.5%	-2.7%	2.2%	-3.9%
OTHER DURABLES									
Idaho	5,630	6,542	7,280	7,373	7,732	8,370	8,831	9,050	8,663
% Ch	9.8%	16.2%	11.3%	1.3%	4.9%	8.3%	5.5%	2.5%	-4.3%
National (Thousands)	4,883	4,975	5,047	5,041	5,115	5,218	5,235	5,236	4,967
% Ch	-1.0%	1.9%	1.4%	-0.1%	1.5%	2.0%	0.3%	0.0%	-5.1%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007

EMPLOYMENT

	2002	2003	2004	2005	2006	2007	2008	2009	2010
TOTAL NONFARM EMPLOYMENT									
Idaho	568,041	572,532	588,039	611,687	638,046	654,575	668,922	683,842	704,322
% Ch	0.0%	0.8%	2.7%	4.0%	4.3%	2.6%	2.2%	2.2%	3.0%
National (Thousands)	130,342	129,993	131,424	133,459	135,340	136,614	138,359	140,471	142,481
% Ch	-1.1%	-0.3%	1.1%	1.5%	1.4%	0.9%	1.3%	1.5%	1.4%
GOODS PRODUCING SECTOR									
Idaho	105,025	102,374	105,437	112,331	122,597	121,399	120,018	119,385	120,347
% Ch	-4.7%	-2.5%	3.0%	6.5%	9.1%	-1.0%	-1.1%	-0.5%	0.8%
National (Thousands)	22,555	21,811	21,879	22,137	22,380	22,046	21,932	22,011	22,190
% Ch	-5.5%	-3.3%	0.3%	1.2%	1.1%	-1.5%	-0.5%	0.4%	0.8%
MANUFACTURING									
Idaho	66,804	63,861	63,680	65,042	67,600	67,305	67,007	67,195	68,239
% Ch	-5.1%	-4.4%	-0.3%	2.1%	3.9%	-0.4%	-0.4%	0.3%	1.6%
National (Thousands)	15,327	14,576	14,382	14,298	14,276	14,108	14,014	13,970	13,937
% Ch	-7.2%	-4.9%	-1.3%	-0.6%	-0.2%	-1.2%	-0.7%	-0.3%	-0.2%
DURABLE MANUFACTURING									
Idaho	42,320	39,949	40,549	42,113	44,449	44,189	43,739	43,772	44,676
% Ch	-6.2%	-5.6%	1.5%	3.9%	5.5%	-0.6%	-1.0%	0.1%	2.1%
National (Thousands)	9,553	9,031	8,991	9,019	9,058	8,956	8,906	8,906	8,907
% Ch	-8.2%	-5.5%	-0.4%	0.3%	0.4%	-1.1%	-0.5%	0.0%	0.0%
LOGGING & WOOD PRODUCTS									
Idaho	9,553	9,046	9,295	9,620	10,134	9,194	8,850	8,891	9,238
% Ch	-3.0%	-5.3%	2.8%	3.5%	5.3%	-9.3%	-3.7%	0.5%	3.9%
National (Thousands)	625	607	617	619	610	561	544	544	558
% Ch	-3.4%	-2.9%	1.7%	0.3%	-1.5%	-8.0%	-3.0%	-0.1%	2.5%
METAL FABRICATION									
Idaho	3,636	3,537	3,636	3,906	4,317	4,460	4,557	4,624	4,643
% Ch	-6.2%	-2.7%	2.8%	7.4%	10.5%	3.3%	2.2%	1.5%	0.4%
National (Thousands)	1,548	1,479	1,497	1,519	1,544	1,580	1,620	1,640	1,637
% Ch	-7.6%	-4.5%	1.2%	1.5%	1.6%	2.3%	2.5%	1.3%	-0.2%
MACHINERY									
Idaho	2,832	2,633	2,570	2,607	2,822	2,748	2,664	2,626	2,597
% Ch	-7.3%	-7.0%	-2.4%	1.4%	8.3%	-2.7%	-3.1%	-1.4%	-1.1%
National (Thousands)	1,229	1,149	1,143	1,162	1,185	1,206	1,199	1,185	1,177
% Ch	-10.2%	-6.5%	-0.6%	1.6%	2.0%	1.8%	-0.6%	-1.1%	-0.7%
COMPUTER & ELECTRONICS									
Idaho	17,933	16,297	16,285	16,181	16,574	16,965	16,571	16,167	16,385
% Ch	-8.8%	-9.1%	-0.1%	-0.6%	2.4%	2.4%	-2.3%	-2.4%	1.3%
National (Thousands)	1,507	1,355	1,323	1,320	1,327	1,238	1,144	1,103	1,076
% Ch	-13.8%	-10.1%	-2.4%	-0.2%	0.5%	-6.7%	-7.6%	-3.6%	-2.5%
OTHER DURABLES									
Idaho	8,367	8,437	8,763	9,800	10,602	10,823	11,097	11,463	11,812
% Ch	-3.4%	0.8%	3.9%	11.8%	8.2%	2.1%	2.5%	3.3%	3.0%
National (Thousands)	4,643	4,441	4,411	4,398	4,394	4,371	4,400	4,434	4,460
% Ch	-6.5%	-4.3%	-0.7%	-0.3%	-0.1%	-0.5%	0.7%	0.8%	0.6%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007
EMPLOYMENT

MANUFACTURING (continued)	1993	1994	1995	1996	1997	1998	1999	2000	2001
NONDURABLE MANUFACTURING									
Idaho	28,346	27,897	25,682	25,866	25,970	25,636	25,515	25,625	25,293
% Ch	2.0%	-1.6%	-7.9%	0.7%	0.4%	-1.3%	-0.5%	0.4%	-1.3%
National (Thousands)	6,874	6,892	6,871	6,752	6,715	6,650	6,493	6,388	6,107
% Ch	0.3%	0.3%	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%	-1.6%	-4.4%
FOOD PROCESSING									
Idaho	17,856	17,369	16,827	17,119	17,263	16,830	16,705	16,660	16,521
% Ch	2.4%	-2.7%	-3.1%	1.7%	0.8%	-2.5%	-0.7%	-0.3%	-0.8%
National (Thousands)	1,535	1,540	1,561	1,562	1,557	1,555	1,550	1,553	1,550
% Ch	1.1%	0.3%	1.3%	0.1%	-0.3%	-0.1%	-0.3%	0.2%	-0.2%
PRINTING									
Idaho	2,231	2,241	2,308	2,365	2,326	2,307	2,234	2,339	2,225
% Ch	0.9%	0.4%	3.0%	2.5%	-1.6%	-0.8%	-3.2%	4.7%	-4.9%
National (Thousands)	785	802	817	816	821	828	814	807	769
% Ch	0.6%	2.2%	1.9%	-0.2%	0.6%	0.8%	-1.6%	-0.9%	-4.7%
CHEMICALS									
Idaho	4,210	4,099	2,354	2,330	2,273	2,361	2,314	2,336	2,324
% Ch	-1.1%	-2.6%	-42.6%	-1.0%	-2.5%	3.9%	-2.0%	1.0%	-0.5%
National (Thousands)	1,025	1,005	988	985	987	993	983	980	959
% Ch	-0.4%	-2.0%	-1.7%	-0.3%	0.2%	0.6%	-1.0%	-0.2%	-2.2%
OTHER NONDURABLES									
Idaho	4,049	4,187	4,193	4,051	4,108	4,138	4,262	4,290	4,224
% Ch	4.2%	3.4%	0.1%	-3.4%	1.4%	0.7%	3.0%	0.7%	-1.5%
National (Thousands)	3,529	3,545	3,505	3,390	3,350	3,274	3,145	3,048	2,829
% Ch	0.1%	0.5%	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%	-3.1%	-7.2%
MINING									
Idaho	2,164	2,367	2,683	2,977	2,996	2,817	2,485	2,347	1,973
% Ch	-16.1%	9.4%	13.3%	11.0%	0.6%	-6.0%	-11.8%	-5.5%	-15.9%
National (Thousands)	585	576	558	556	571	565	518	520	532
% Ch	-4.1%	-1.4%	-3.2%	-0.3%	2.7%	-1.1%	-8.4%	0.5%	2.4%
CONSTRUCTION									
Idaho	25,068	29,326	29,988	31,112	32,324	32,629	35,024	36,503	37,858
% Ch	11.4%	17.0%	2.3%	3.7%	3.9%	0.9%	7.3%	4.2%	3.7%
National (Thousands)	4,779	5,094	5,276	5,538	5,813	6,147	6,545	6,788	6,827
% Ch	3.8%	6.6%	3.6%	5.0%	5.0%	5.8%	6.5%	3.7%	0.6%
NONGOODS PRODUCING									
Idaho	344,139	362,799	378,735	388,498	401,917	413,502	429,377	446,696	457,808
% Ch	4.8%	5.4%	4.4%	2.6%	3.5%	2.9%	3.8%	4.0%	2.5%
National (Thousands)	88,626	91,505	94,145	96,287	98,883	101,571	104,525	107,139	107,958
% Ch	2.3%	3.2%	2.9%	2.3%	2.7%	2.7%	2.9%	2.5%	0.8%
SERVICES									
Idaho	173,523	185,543	196,052	202,106	210,033	217,464	227,557	238,281	249,579
% Ch	6.3%	6.9%	5.7%	3.1%	3.9%	3.5%	4.6%	4.7%	4.7%
National (Thousands)	51,520	53,498	55,382	57,094	59,170	61,256	63,350	65,137	65,824
% Ch	3.2%	3.8%	3.5%	3.1%	3.6%	3.5%	3.4%	2.8%	1.1%
INFORMATION									
Idaho	7,195	7,413	7,602	7,699	7,587	8,376	9,274	9,859	9,596
% Ch	1.6%	3.0%	2.5%	1.3%	-1.5%	10.4%	10.7%	6.3%	-2.7%
National (Thousands)	2,667	2,739	2,844	2,940	3,084	3,219	3,418	3,629	3,629
% Ch	1.0%	2.7%	3.8%	3.4%	4.9%	4.4%	6.2%	6.2%	0.0%
FINANCIAL ACTIVITIES									
Idaho	23,257	24,520	25,492	26,833	26,835	24,256	25,306	25,161	25,013
% Ch	5.2%	5.4%	4.0%	5.3%	0.0%	-9.6%	4.3%	-0.6%	-0.6%
National (Thousands)	6,708	6,866	6,828	6,969	7,178	7,462	7,646	7,688	7,808
% Ch	2.6%	2.4%	-0.6%	2.1%	3.0%	4.0%	2.5%	0.5%	1.6%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007
EMPLOYMENT

MANUFACTURING (continued)	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONDURABLE MANUFACTURING									
Idaho	24,484	23,912	23,131	22,929	23,151	23,116	23,268	23,423	23,564
% Ch	-3.2%	-2.3%	-3.3%	-0.9%	1.0%	-0.2%	0.7%	0.7%	0.6%
National (Thousands)	5,774	5,545	5,391	5,280	5,217	5,153	5,108	5,064	5,030
% Ch	-5.4%	-4.0%	-2.8%	-2.1%	-1.2%	-1.2%	-0.9%	-0.9%	-0.7%
FOOD PROCESSING									
Idaho	16,354	15,900	14,998	14,713	14,623	14,518	14,689	14,789	14,868
% Ch	-1.0%	-2.8%	-5.7%	-1.9%	-0.6%	-0.7%	1.2%	0.7%	0.5%
National (Thousands)	1,525	1,517	1,494	1,473	1,466	1,479	1,501	1,515	1,530
% Ch	-1.6%	-0.5%	-1.5%	-1.5%	-0.4%	0.9%	1.5%	0.9%	1.0%
PRINTING									
Idaho	2,033	2,030	1,921	1,900	1,894	1,857	1,824	1,819	1,804
% Ch	-8.6%	-0.1%	-5.3%	-1.1%	-0.3%	-2.0%	-1.8%	-0.3%	-0.9%
National (Thousands)	707	680	662	648	641	641	638	633	628
% Ch	-8.1%	-3.7%	-2.6%	-2.2%	-1.1%	0.0%	-0.5%	-0.7%	-0.8%
CHEMICALS									
Idaho	1,925	1,831	1,878	1,937	2,118	2,142	2,070	2,013	1,961
% Ch	-17.1%	-4.9%	2.5%	3.2%	9.3%	1.1%	-3.4%	-2.8%	-2.6%
National (Thousands)	927	906	887	879	891	886	875	867	861
% Ch	-3.3%	-2.3%	-2.1%	-0.9%	1.4%	-0.6%	-1.2%	-0.9%	-0.7%
OTHER NONDURABLES									
Idaho	4,172	4,151	4,334	4,379	4,515	4,599	4,685	4,802	4,932
% Ch	-1.2%	-0.5%	4.4%	1.0%	3.1%	1.9%	1.9%	2.5%	2.7%
National (Thousands)	2,616	2,442	2,347	2,280	2,219	2,147	2,094	2,049	2,011
% Ch	-7.5%	-6.6%	-3.9%	-2.9%	-2.7%	-3.2%	-2.4%	-2.2%	-1.8%
MINING									
Idaho	1,758	1,785	1,931	2,160	2,363	2,224	2,129	2,007	1,866
% Ch	-10.9%	1.5%	8.2%	11.9%	9.4%	-5.9%	-4.3%	-5.7%	-7.1%
National (Thousands)	512	503	523	560	612	631	636	618	590
% Ch	-3.8%	-1.8%	4.0%	7.2%	9.3%	3.0%	0.8%	-2.9%	-4.5%
CONSTRUCTION									
Idaho	36,463	36,729	39,825	45,129	52,634	51,870	50,882	50,183	50,242
% Ch	-3.7%	0.7%	8.4%	13.3%	16.6%	-1.5%	-1.9%	-1.4%	0.1%
National (Thousands)	6,716	6,732	6,974	7,278	7,492	7,307	7,282	7,423	7,663
% Ch	-1.6%	0.2%	3.6%	4.4%	2.9%	-2.5%	-0.3%	1.9%	3.2%
NONGOODS PRODUCING									
Idaho	463,016	470,157	482,602	499,356	515,449	533,176	548,904	564,457	583,976
% Ch	1.1%	1.5%	2.6%	3.5%	3.2%	3.4%	2.9%	2.8%	3.5%
National (Thousands)	107,787	108,182	109,544	111,322	112,960	114,568	116,427	118,460	120,290
% Ch	-0.2%	0.4%	1.3%	1.6%	1.5%	1.4%	1.6%	1.7%	1.5%
SERVICES									
Idaho	253,634	260,020	269,017	280,740	292,557	304,696	315,036	325,352	337,447
% Ch	1.6%	2.5%	3.5%	4.4%	4.2%	4.1%	3.4%	3.3%	3.7%
National (Thousands)	65,600	66,074	67,203	68,515	69,899	71,208	72,566	74,192	75,635
% Ch	-0.3%	0.7%	1.7%	2.0%	2.0%	1.9%	1.9%	2.2%	1.9%
INFORMATION									
Idaho	9,156	9,181	9,935	11,071	10,531	10,573	10,804	11,091	11,395
% Ch	-4.6%	0.3%	8.2%	11.4%	-4.9%	0.4%	2.2%	2.7%	2.7%
National (Thousands)	3,394	3,188	3,117	3,065	3,064	3,042	3,022	3,052	3,080
% Ch	-6.5%	-6.1%	-2.2%	-1.7%	0.0%	-0.7%	-0.7%	1.0%	0.9%
FINANCIAL ACTIVITIES									
Idaho	25,824	26,945	27,937	29,653	31,716	32,982	34,347	35,677	37,035
% Ch	3.2%	4.3%	3.7%	6.1%	7.0%	4.0%	4.1%	3.9%	3.8%
National (Thousands)	7,848	7,976	8,030	8,142	8,320	8,415	8,425	8,500	8,669
% Ch	0.5%	1.6%	0.7%	1.4%	2.2%	1.1%	0.1%	0.9%	2.0%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007
EMPLOYMENT

SERVICES (Continued)

	1993	1994	1995	1996	1997	1998	1999	2000	2001
TRANS., WAREHOUSING, UTILITIES									
Idaho	14,557	15,465	16,508	17,329	17,624	18,159	19,004	19,409	19,156
% Ch	3.6%	6.2%	6.7%	5.0%	1.7%	3.0%	4.7%	2.1%	-1.3%
National (Thousands)	4,264	4,390	4,505	4,576	4,647	4,781	4,906	5,013	4,973
% Ch	1.8%	2.9%	2.6%	1.6%	1.5%	2.9%	2.6%	2.2%	-0.8%
PROFESSIONAL & BUSINESS									
Idaho	36,872	39,173	42,480	42,934	47,295	50,766	54,794	60,626	67,655
% Ch	9.2%	6.2%	8.4%	1.1%	10.2%	7.3%	7.9%	10.6%	11.6%
National (Thousands)	11,493	12,171	12,846	13,461	14,333	15,142	15,954	16,670	16,481
% Ch	4.8%	5.9%	5.6%	4.8%	6.5%	5.6%	5.4%	4.5%	-1.1%
EDUCATION & HEALTH									
Idaho	36,841	39,048	41,491	44,361	46,347	49,248	50,574	53,017	56,956
% Ch	6.6%	6.0%	6.3%	6.9%	4.5%	6.3%	2.7%	4.8%	7.4%
National (Thousands)	12,303	12,806	13,288	13,683	14,088	14,445	14,795	15,109	15,643
% Ch	3.5%	4.1%	3.8%	3.0%	3.0%	2.5%	2.4%	2.1%	3.5%
LEISURE & HOSPITALITY									
Idaho	41,375	44,569	46,651	47,558	48,840	50,425	51,461	52,565	53,059
% Ch	4.4%	7.7%	4.7%	1.9%	2.7%	3.2%	2.1%	2.1%	0.9%
National (Thousands)	9,733	10,098	10,499	10,774	11,016	11,232	11,544	11,860	12,032
% Ch	3.1%	3.7%	4.0%	2.6%	2.3%	2.0%	2.8%	2.7%	1.5%
OTHER SERVICES									
Idaho	13,426	15,355	15,829	15,393	15,506	16,235	17,144	17,643	18,143
% Ch	11.5%	14.4%	3.1%	-2.8%	0.7%	4.7%	5.6%	2.9%	2.8%
National (Thousands)	4,350	4,429	4,572	4,691	4,825	4,976	5,087	5,168	5,258
% Ch	2.6%	1.8%	3.2%	2.6%	2.9%	3.1%	2.2%	1.6%	1.7%
TRADE									
Idaho	78,874	83,336	86,215	89,134	91,683	93,772	96,725	100,169	98,087
% Ch	3.9%	5.7%	3.5%	3.4%	2.9%	2.3%	3.1%	3.6%	-2.1%
National (Thousands)	18,113	18,733	19,328	19,663	20,053	20,405	20,863	21,212	21,013
% Ch	1.0%	3.4%	3.2%	1.7%	2.0%	1.8%	2.2%	1.7%	-0.9%
RETAIL TRADE									
Idaho	57,743	61,034	63,162	65,408	67,175	69,160	71,418	74,456	72,622
% Ch	5.3%	5.7%	3.5%	3.6%	2.7%	3.0%	3.3%	4.3%	-2.5%
National (Thousands)	13,019	13,486	13,895	14,141	14,390	14,610	14,971	15,279	15,240
% Ch	1.5%	3.6%	3.0%	1.8%	1.8%	1.5%	2.5%	2.1%	-0.3%
WHOLESALE TRADE									
Idaho	21,132	22,303	23,053	23,726	24,508	24,612	25,306	25,713	25,466
% Ch	0.2%	5.5%	3.4%	2.9%	3.3%	0.4%	2.8%	1.6%	-1.0%
National (Thousands)	5,094	5,247	5,433	5,523	5,663	5,795	5,893	5,933	5,773
% Ch	-0.3%	3.0%	3.5%	1.6%	2.6%	2.3%	1.7%	0.7%	-2.7%
STATE & LOCAL GOVERNMENT									
Idaho	78,166	80,426	83,354	84,359	87,297	89,467	92,261	94,744	96,861
% Ch	3.0%	2.9%	3.6%	1.2%	3.5%	2.5%	3.1%	2.7%	2.2%
National (Thousands)	15,436	15,674	15,931	16,258	16,488	16,653	16,854	17,139	17,542
% Ch	1.4%	1.5%	1.6%	2.1%	1.4%	1.0%	1.2%	1.7%	2.4%
EDUCATION									
Idaho	39,830	40,542	42,571	42,572	44,219	45,412	46,748	47,988	49,023
% Ch	3.4%	1.8%	5.0%	0.0%	3.9%	2.7%	2.9%	2.7%	2.2%
NONEDUCATION									
Idaho	38,336	39,884	40,783	41,787	43,078	44,055	45,513	46,756	47,838
% Ch	2.6%	4.0%	2.3%	2.5%	3.1%	2.3%	3.3%	2.7%	2.3%
FEDERAL GOVERNMENT									
Idaho	13,575	13,493	13,113	12,899	12,904	12,800	12,834	13,502	13,280
% Ch	0.9%	-0.6%	-2.8%	-1.6%	0.0%	-0.8%	0.3%	5.2%	-1.6%
National (Thousands)	3,062	3,016	2,947	2,876	2,806	2,771	2,770	2,865	2,763
% Ch	-1.6%	-1.5%	-2.3%	-2.4%	-2.5%	-1.2%	0.0%	3.4%	-3.6%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007
EMPLOYMENT

SERVICES (Continued)	2002	2003	2004	2005	2006	2007	2008	2009	2010
TRANS., WAREHOUSING, UTILITIES									
Idaho	18,676	18,762	18,945	19,292	20,178	20,673	20,706	20,800	21,223
% Ch	-2.5%	0.5%	1.0%	1.8%	4.6%	2.5%	0.2%	0.5%	2.0%
National (Thousands)	4,820	4,762	4,811	4,904	4,976	5,041	5,160	5,307	5,450
% Ch	-3.1%	-1.2%	1.0%	1.9%	1.5%	1.3%	2.4%	2.9%	2.7%
PROFESSIONAL & BUSINESS									
Idaho	69,019	70,005	73,142	76,903	81,619	85,338	88,981	92,706	96,779
% Ch	2.0%	1.4%	4.5%	5.1%	6.1%	4.6%	4.3%	4.2%	4.4%
National (Thousands)	15,977	15,984	16,391	16,876	17,330	17,766	18,523	19,394	20,146
% Ch	-3.1%	0.0%	2.5%	3.0%	2.7%	2.5%	4.3%	4.7%	3.9%
EDUCATION & HEALTH									
Idaho	59,810	62,552	65,216	67,987	70,302	73,732	75,813	78,186	81,100
% Ch	5.0%	4.6%	4.3%	4.2%	3.4%	4.9%	2.8%	3.1%	3.7%
National (Thousands)	16,201	16,588	16,952	17,342	17,740	18,122	18,394	18,691	18,850
% Ch	3.6%	2.4%	2.2%	2.3%	2.3%	2.2%	1.5%	1.6%	0.9%
LEISURE & HOSPITALITY									
Idaho	53,283	54,408	55,572	57,359	59,276	61,762	64,049	65,821	67,941
% Ch	0.4%	2.1%	2.1%	3.2%	3.3%	4.2%	3.7%	2.8%	3.2%
National (Thousands)	11,989	12,176	12,493	12,799	13,063	13,367	13,604	13,821	14,004
% Ch	-0.4%	1.6%	2.6%	2.4%	2.1%	2.3%	1.8%	1.6%	1.3%
OTHER SERVICES									
Idaho	17,868	18,168	18,270	18,475	18,935	19,634	20,336	21,070	21,974
% Ch	-1.5%	1.7%	0.6%	1.1%	2.5%	3.7%	3.6%	3.6%	4.3%
National (Thousands)	5,372	5,400	5,409	5,387	5,407	5,456	5,439	5,427	5,435
% Ch	2.2%	0.5%	0.2%	-0.4%	0.4%	0.9%	-0.3%	-0.2%	0.1%
TRADE									
Idaho	97,342	97,116	99,126	103,670	107,710	113,359	117,199	121,308	126,841
% Ch	-0.8%	-0.2%	2.1%	4.6%	3.9%	5.2%	3.4%	3.5%	4.6%
National (Thousands)	20,679	20,526	20,720	21,002	21,083	21,167	21,515	21,702	21,824
% Ch	-1.6%	-0.7%	0.9%	1.4%	0.4%	0.4%	1.6%	0.9%	0.6%
RETAIL TRADE									
Idaho	72,395	72,620	73,717	76,791	80,775	85,418	88,428	91,644	95,948
% Ch	-0.3%	0.3%	1.5%	4.2%	5.2%	5.7%	3.5%	3.6%	4.7%
National (Thousands)	15,025	14,917	15,059	15,254	15,237	15,304	15,614	15,729	15,766
% Ch	-1.4%	-0.7%	0.9%	1.3%	-0.1%	0.4%	2.0%	0.7%	0.2%
WHOLESALE TRADE									
Idaho	24,947	24,497	25,408	26,879	26,935	27,942	28,771	29,664	30,893
% Ch	-2.0%	-1.8%	3.7%	5.8%	0.2%	3.7%	3.0%	3.1%	4.1%
National (Thousands)	5,653	5,609	5,662	5,748	5,845	5,863	5,901	5,972	6,057
% Ch	-2.1%	-0.8%	0.9%	1.5%	1.7%	0.3%	0.7%	1.2%	1.4%
STATE & LOCAL GOVERNMENT									
Idaho	98,488	99,398	101,149	101,868	102,496	102,536	104,034	105,068	106,468
% Ch	1.7%	0.9%	1.8%	0.7%	0.6%	0.0%	1.5%	1.0%	1.3%
National (Thousands)	18,743	18,820	18,889	19,081	19,273	19,475	19,626	19,833	20,019
% Ch	2.1%	0.4%	0.4%	1.0%	1.0%	1.0%	0.8%	1.1%	0.9%
EDUCATION									
Idaho	49,657	49,910	50,816	51,305	52,475	53,617	54,653	55,437	56,440
% Ch	1.3%	0.5%	1.8%	1.0%	2.3%	2.2%	1.9%	1.4%	1.8%
NONEDUCATION									
Idaho	48,832	49,488	50,333	50,563	50,021	48,919	49,381	49,631	50,029
% Ch	2.1%	1.3%	1.7%	0.5%	-1.1%	-2.2%	0.9%	0.5%	0.8%
FEDERAL GOVERNMENT									
Idaho	13,552	13,623	13,311	13,078	12,686	12,585	12,634	12,729	13,219
% Ch	2.0%	0.5%	-2.3%	-1.8%	-3.0%	-0.8%	0.4%	0.8%	3.9%
National (Thousands)	2,766	2,761	2,731	2,725	2,705	2,718	2,720	2,733	2,813
% Ch	0.1%	-0.2%	-1.1%	-0.2%	-0.7%	0.5%	0.1%	0.5%	2.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

MISCELLANEOUS

	1993	1994	1995	1996	1997	1998	1999	2000	2001
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	88.391	90.265	92.115	93.859	95.415	96.475	97.868	100.000	102.402
% Ch	2.3%	2.1%	2.0%	1.9%	1.7%	1.1%	1.4%	2.2%	2.4%
Consumption Expenditures	87.804	89.654	91.577	93.547	95.124	95.978	97.575	100.000	102.094
% Ch	2.3%	2.1%	2.1%	2.2%	1.7%	0.9%	1.7%	2.5%	2.1%
Durable Goods	107.841	109.978	110.672	109.507	107.068	104.152	101.626	100.000	98.114
% Ch	1.0%	2.0%	0.6%	-1.1%	-2.2%	-2.7%	-2.4%	-1.6%	-1.9%
Nondurable Goods	88.973	89.605	90.629	92.567	93.835	93.821	96.173	100.000	101.531
% Ch	1.0%	0.7%	1.1%	2.1%	1.4%	0.0%	2.5%	4.0%	1.5%
Services	83.345	85.748	88.320	90.844	93.305	95.319	97.393	100.000	103.257
% Ch	3.3%	2.9%	3.0%	2.9%	2.7%	2.2%	2.2%	2.7%	3.3%
Consumer Price Index (1982-84=1.000)	1.445	1.482	1.524	1.569	1.605	1.630	1.666	1.722	1.770
% Ch	3.0%	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%	3.4%	2.8%

SELECTED INTEREST RATES

Federal Funds	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%	6.2%	3.9%
NY Fed Discount	3.0%	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%	5.7%	3.4%
Prime	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%
Existing Home Mortgage	7.2%	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%	8.0%	7.0%
U.S. Govt. 3-Month Bills	3.0%	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%	5.8%	3.4%
U.S. Govt. 6-Month Bills	3.1%	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%	5.9%	3.4%
U.S. Govt. 5-Year Notes	5.1%	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%	6.2%	4.6%
U.S. Govt. 10-Year Notes	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.0%	5.0%

SELECTED US PRODUCTION INDICES

Wood Products	83.7	88.7	90.8	93.8	96.6	100.9	105.1	103.6	97.0
% Ch	1.1%	5.9%	2.4%	3.3%	3.0%	4.4%	4.2%	-1.4%	-6.4%
Computers & Electronic Products	17.1	20.3	26.4	33.6	45.2	58.3	77.2	102.5	103.6
% Ch	10.4%	18.7%	29.9%	27.6%	34.6%	28.8%	32.4%	32.8%	1.1%
Food	87.5	88.0	90.2	88.4	90.8	94.8	95.8	97.5	97.5
% Ch	2.7%	0.6%	2.6%	-2.1%	2.8%	4.4%	1.0%	1.7%	0.1%
Agricultural Chemicals	115.5	115.3	114.9	117.2	121.6	124.1	111.9	105.6	97.2
% Ch	0.8%	-0.2%	-0.4%	2.0%	3.7%	2.1%	-9.9%	-5.6%	-7.9%
Metal Ore Mining	119.2	121.4	122.6	125.3	132.1	131.5	120.7	120.2	109.2
% Ch	-0.7%	1.9%	1.0%	2.2%	5.5%	-0.4%	-8.3%	-0.4%	-9.2%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006**

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2007**

MISCELLANEOUS

	2002	2003	2004	2005	2006	2007	2008	2009	2010
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	104.193	106.410	109.429	112.744	116.023	118.264	120.517	122.854	125.269
% Ch	1.7%	2.1%	2.8%	3.0%	2.9%	1.9%	1.9%	1.9%	2.0%
Consumption Expenditures	103.542	105.597	108.373	111.493	114.592	116.650	118.944	121.231	123.516
% Ch	1.4%	2.0%	2.6%	2.9%	2.8%	1.8%	2.0%	1.9%	1.9%
Durable Goods	95.766	92.366	90.845	90.198	89.027	88.018	87.685	87.317	86.715
% Ch	-2.4%	-3.6%	-1.6%	-0.7%	-1.3%	-1.1%	-0.4%	-0.4%	-0.7%
Nondurable Goods	102.089	104.145	107.618	111.531	114.990	115.910	117.941	119.781	121.546
% Ch	0.5%	2.0%	3.3%	3.6%	3.1%	0.8%	1.8%	1.6%	1.5%
Services	106.018	109.379	112.863	116.529	120.543	123.982	127.082	130.284	133.596
% Ch	2.7%	3.2%	3.2%	3.2%	3.4%	2.9%	2.5%	2.5%	2.5%
Consumer Price Index (1982-84=100)	1.799	1.840	1.889	1.953	2.015	2.050	2.091	2.130	2.168
% Ch	1.6%	2.3%	2.7%	3.4%	3.2%	1.7%	2.0%	1.8%	1.8%

SELECTED INTEREST RATES

Federal Funds	1.7%	1.1%	1.3%	3.2%	5.0%	4.9%	4.5%	4.7%	4.8%
NY Fed Discount	1.2%	2.1%	2.3%	4.2%	5.9%	5.9%	5.5%	5.7%	5.8%
Prime	4.7%	4.1%	4.3%	6.2%	8.0%	7.9%	7.5%	7.7%	7.8%
Existing Home Mortgage	6.5%	5.7%	5.7%	5.9%	6.6%	6.4%	6.5%	7.0%	7.1%
U.S. Govt. 3-Month Bills	1.6%	1.0%	1.4%	3.1%	4.7%	4.7%	4.4%	4.6%	4.6%
U.S. Govt. 6-Month Bills	1.7%	1.1%	1.6%	3.4%	4.8%	4.7%	4.5%	4.7%	4.7%
U.S. Govt. 5-Year Notes	3.8%	3.0%	3.4%	4.0%	4.7%	4.5%	4.7%	5.2%	5.3%
U.S. Govt. 10-Year Notes	4.6%	4.0%	4.3%	4.3%	4.8%	4.5%	4.8%	5.3%	5.4%

SELECTED US PRODUCTION INDICES

Wood Products	100.0	98.8	104.9	107.6	104.7	96.3	95.0	96.1	99.8
% Ch	3.1%	-1.2%	6.1%	2.6%	-2.6%	-8.0%	-1.3%	1.2%	3.8%
Computers & Electronic Products	100.0	112.6	130.7	156.7	186.3	212.7	234.2	257.9	285.7
% Ch	-3.5%	12.6%	16.1%	19.9%	18.9%	14.2%	10.1%	10.1%	10.8%
Food	100.0	99.6	100.8	103.2	106.9	108.9	110.9	113.0	115.1
% Ch	2.5%	-0.4%	1.3%	2.3%	3.5%	1.9%	1.9%	1.9%	1.9%
Agricultural Chemicals	100.0	103.9	107.1	108.5	111.8	111.5	111.5	111.9	112.6
% Ch	2.9%	3.9%	3.0%	1.3%	3.0%	-0.2%	0.0%	0.4%	0.6%
Metal Ore Mining	100.0	94.3	94.0	100.4	104.0	108.8	112.4	114.5	116.0
% Ch	-8.4%	-5.7%	-0.4%	6.8%	3.6%	4.7%	3.3%	1.9%	1.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007**

DEMOGRAPHICS

	Q1	2004 Q2	Q3	Q4	Q1	2005 Q2	Q3	Q4	Q1	2006 Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,381.2	1,387.6	1,394.3	1,400.9	1,411.2	1,422.5	1,434.2	1,444.0	1,452.7	1,461.7	1,470.0	1,478.5
% Ch	1.9%	1.9%	2.0%	1.9%	3.0%	3.2%	3.3%	2.8%	2.4%	2.5%	2.3%	2.3%
National (Millions)	293.183	293.907	294.583	295.257	295.930	296.604	297.279	297.950	298.621	299.292	299.960	300.628
% Ch	0.9%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS												
Idaho (Thousands)	22.203	22.409	22.682	22.810	22.520	22.939	23.277	23.539	24.011	24.242	24.449	24.662
% Ch	2.4%	3.8%	5.0%	2.3%	-5.0%	7.7%	6.0%	4.6%	8.3%	3.9%	3.4%	3.5%
National (Thousands)	3,915	3,921	3,928	3,935	3,943	3,951	3,959	3,968	3,977	3,986	3,995	4,006
% Ch	0.6%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	1.1%
DEATHS												
Idaho (Thousands)	10.320	10.125	9.890	9.745	10.060	10.290	10.570	10.730	10.390	10.451	10.508	10.567
% Ch	-5.6%	-7.3%	-9.0%	-5.7%	13.6%	9.5%	11.3%	6.2%	-12.1%	2.4%	2.2%	2.2%
National (Thousands)	2,499	2,504	2,510	2,515	2,520	2,525	2,531	2,536	2,540	2,545	2,550	2,556
% Ch	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	1.0%	0.8%	0.6%	0.8%	0.8%	0.9%
NET MIGRATION												
Idaho (Thousands)	12.872	12.920	13.206	13.055	17.546	22.265	27.152	30.313	27.868	25.419	21.893	20.464
HOUSING												
HOUSING STARTS												
Idaho	16,368	17,879	19,056	20,640	23,009	22,698	24,747	22,198	23,062	21,427	18,567	20,197
% Ch	-27.6%	42.4%	29.0%	37.6%	54.4%	-5.3%	41.3%	-35.3%	16.5%	-25.5%	-43.6%	40.0%
National (Millions)	1.918	1.937	1.977	1.965	2.069	2.064	2.101	2.060	2.123	1.873	1.720	1.488
% Ch	-21.1%	4.0%	8.4%	-2.3%	22.7%	-1.0%	7.4%	-7.6%	12.9%	-39.5%	-28.9%	-43.9%
SINGLE UNITS												
Idaho	14,020	15,437	16,518	18,326	20,730	20,235	21,928	20,315	21,101	19,427	16,782	18,239
% Ch	-31.8%	47.0%	31.1%	51.5%	63.7%	-9.2%	37.9%	-26.3%	16.4%	-28.2%	-44.3%	39.5%
National (Millions)	1.558	1.608	1.640	1.611	1.703	1.707	1.748	1.718	1.747	1.530	1.403	1.165
% Ch	-22.0%	13.6%	8.3%	-7.0%	25.1%	0.9%	9.9%	-6.6%	6.9%	-41.2%	-29.2%	-52.5%
MULTIPLE UNITS												
Idaho	2,348	2,442	2,538	2,314	2,279	2,462	2,819	1,884	1,962	2,000	1,785	1,958
% Ch	6.2%	17.0%	16.7%	-31.0%	-5.9%	36.3%	71.9%	-80.1%	17.7%	8.2%	-36.5%	44.5%
National (Millions)	0.361	0.329	0.337	0.355	0.365	0.357	0.353	0.342	0.376	0.343	0.316	0.323
% Ch	-17.4%	-30.5%	9.2%	23.2%	12.6%	-9.2%	-3.7%	-12.6%	46.7%	-30.7%	-27.7%	8.7%
HOUSING STOCK												
Idaho (Thousands)	466.5	470.6	475.1	479.9	485.2	490.6	496.4	501.6	506.9	511.9	516.2	520.8
% Ch	3.3%	3.6%	3.8%	4.1%	4.6%	4.4%	4.8%	4.2%	4.4%	4.0%	3.4%	3.7%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007**

DEMOGRAPHICS

	Q1	2007 Q2	Q3	Q4	Q1	2008 Q2	Q3	Q4	Q1	2009 Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,486.7	1,494.6	1,502.8	1,510.9	1,518.8	1,526.6	1,534.2	1,541.8	1,549.4	1,557.1	1,565.0	1,573.1
% Ch	2.2%	2.2%	2.2%	2.2%	2.1%	2.1%	2.0%	2.0%	2.0%	2.0%	2.0%	2.1%
National (Millions)	301.295	301.963	302.628	303.287	303.945	304.604	305.260	305.929	306.598	307.266	307.932	308.598
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS												
Idaho (Thousands)	24.860	25.051	25.253	25.448	25.638	25.823	26.002	26.178	26.357	26.538	26.727	26.923
% Ch	3.3%	3.1%	3.3%	3.1%	3.0%	2.9%	2.8%	2.7%	2.8%	2.8%	2.9%	3.0%
National (Thousands)	4,017	4,027	4,038	4,049	4,060	4,071	4,083	4,094	4,106	4,117	4,129	4,140
% Ch	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	1.2%	1.1%	1.2%	1.1%	1.2%	1.1%
DEATHS												
Idaho (Thousands)	10.623	10.678	10.734	10.790	10.845	10.899	10.952	11.005	11.058	11.111	11.166	11.222
% Ch	2.1%	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%	2.0%
National (Thousands)	2,561	2,566	2,571	2,576	2,582	2,587	2,592	2,598	2,603	2,608	2,614	2,619
% Ch	0.8%	0.8%	0.8%	0.8%	0.9%	0.8%	0.8%	0.9%	0.8%	0.8%	0.9%	0.8%
NET MIGRATION												
Idaho (Thousands)	19.716	18.537	18.285	17.684	17.340	17.057	16.333	15.729	15.305	15.084	15.200	15.579
HOUSING												
HOUSING STARTS												
Idaho	20,223	20,043	20,022	19,995	19,963	19,846	19,701	19,547	19,510	19,420	19,579	19,760
% Ch	0.5%	-3.5%	-0.4%	-0.5%	-0.6%	-2.3%	-2.9%	-3.1%	-0.8%	-1.8%	3.3%	3.7%
National (Millions)	1.484	1.480	1.500	1.522	1.548	1.585	1.614	1.648	1.684	1.697	1.709	1.721
% Ch	-1.0%	-1.1%	5.3%	6.2%	6.9%	9.8%	7.6%	8.7%	9.1%	3.2%	2.9%	2.8%
SINGLE UNITS												
Idaho	18,236	18,083	18,006	17,935	17,888	17,805	17,723	17,657	17,655	17,633	17,756	17,884
% Ch	-0.1%	-3.3%	-1.7%	-1.6%	-1.1%	-1.9%	-1.8%	-1.5%	0.0%	-0.5%	2.8%	2.9%
National (Millions)	1.145	1.136	1.170	1.198	1.231	1.259	1.282	1.312	1.346	1.359	1.370	1.384
% Ch	-6.7%	-3.2%	12.5%	10.0%	11.3%	9.6%	7.3%	9.9%	10.6%	4.0%	3.2%	4.1%
MULTIPLE UNITS												
Idaho	1,987	1,959	2,016	2,059	2,075	2,041	1,978	1,891	1,855	1,787	1,823	1,876
% Ch	6.1%	-5.4%	12.0%	8.9%	3.1%	-6.3%	-11.9%	-16.5%	-7.4%	-13.8%	8.2%	12.2%
National (Millions)	0.339	0.344	0.330	0.324	0.317	0.325	0.332	0.335	0.338	0.338	0.339	0.338
% Ch	21.5%	6.4%	-16.0%	-6.4%	-8.5%	10.5%	8.7%	4.1%	3.3%	-0.1%	1.7%	-2.2%
HOUSING STOCK												
Idaho (Thousands)	525.5	530.1	534.7	539.3	543.9	548.5	553.0	557.4	561.9	566.3	570.8	575.3
% Ch	3.6%	3.6%	3.5%	3.5%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%	3.2%	3.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007**

OUTPUT, INCOME, & WAGES

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	11,431	11,649	11,799	11,970	12,173	12,346	12,574	12,731	13,008	13,197	13,327	13,416
% Ch	7.8%	7.9%	5.3%	5.9%	7.0%	5.8%	7.6%	5.1%	9.0%	5.9%	4.0%	2.7%
2000 Chain-Weighted	10,566	10,672	10,753	10,823	10,914	11,002	11,115	11,164	11,316	11,388	11,451	11,486
% Ch	3.8%	4.0%	3.1%	2.6%	3.4%	3.3%	4.2%	1.8%	5.6%	2.6%	2.2%	1.2%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	36,885	37,849	38,352	39,274	39,687	40,127	40,912	41,608	42,861	43,587	44,507	45,633
% Ch	20.1%	10.9%	5.4%	10.0%	4.3%	4.5%	8.1%	7.0%	12.6%	6.9%	8.7%	10.5%
Idaho Nonfarm (Millions)	35,701	36,619	37,248	38,200	38,554	39,185	39,949	40,667	41,893	42,671	43,451	44,470
% Ch	14.0%	10.7%	7.0%	10.6%	3.8%	6.7%	8.0%	7.4%	12.6%	7.6%	7.5%	9.7%
National (Billions)	9,498	9,641	9,768	10,019	10,049	10,162	10,263	10,484	10,721	10,807	10,954	11,107
% Ch	6.9%	6.2%	5.4%	10.7%	1.2%	4.6%	4.0%	8.9%	9.4%	3.2%	5.5%	5.7%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	34,407	34,995	35,296	35,875	36,049	36,170	36,507	36,863	37,781	38,043	38,615	39,650
% Ch	15.9%	7.0%	3.5%	6.7%	2.0%	1.3%	3.8%	4.0%	10.3%	2.8%	6.1%	11.2%
Idaho Nonfarm (Millions)	33,303	33,858	34,280	34,893	35,020	35,321	35,648	36,029	36,928	37,244	37,699	38,639
% Ch	9.9%	6.8%	5.1%	7.4%	1.5%	3.5%	3.8%	4.3%	10.4%	3.5%	5.0%	10.4%
National (Billions)	8,860	8,914	8,990	9,152	9,128	9,159	9,158	9,288	9,451	9,433	9,504	9,651
% Ch	3.1%	2.5%	3.5%	7.4%	-1.1%	1.4%	-0.1%	5.8%	7.2%	-0.8%	3.1%	6.3%
PER CAPITA PERS INC - CURR \$												
Idaho	26,705	27,277	27,506	28,036	28,123	28,209	28,526	28,815	29,504	29,820	30,276	30,864
% Ch	17.9%	8.9%	3.4%	7.9%	1.2%	1.2%	4.6%	4.1%	9.9%	4.3%	6.3%	8.0%
National	32,395	32,801	33,158	33,935	33,957	34,259	34,522	35,186	35,903	36,110	36,518	36,948
% Ch	6.0%	5.1%	4.4%	9.7%	0.3%	3.6%	3.1%	7.9%	8.4%	2.3%	4.6%	4.8%
PER CAPITA PERS INC - 2000 \$												
Idaho	24,911	25,221	25,314	25,609	25,545	25,427	25,455	25,529	26,008	26,027	26,268	26,817
% Ch	13.7%	5.1%	1.5%	4.7%	-1.0%	-1.8%	0.4%	1.2%	7.7%	0.3%	3.8%	8.6%
National	30,219	30,328	30,516	30,997	30,844	30,881	30,805	31,173	31,648	31,517	31,684	32,103
% Ch	2.2%	1.5%	2.5%	6.5%	-2.0%	0.5%	-1.0%	4.9%	6.2%	-1.6%	2.1%	5.4%
AVERAGE ANNUAL WAGE												
Idaho	30,428	30,846	31,133	31,424	31,414	31,710	32,124	32,476	33,265	33,705	33,975	34,766
% Ch	6.4%	5.6%	3.8%	3.8%	-0.1%	3.8%	5.3%	4.5%	10.1%	5.4%	3.3%	9.6%
National	40,437	40,750	41,284	41,634	41,868	42,042	42,731	43,135	44,314	44,261	44,608	45,156
% Ch	4.2%	3.1%	5.3%	3.4%	2.3%	1.7%	6.7%	3.8%	11.4%	-0.5%	3.2%	5.0%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007**

OUTPUT, INCOME, & WAGES

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	13,572	13,705	13,866	14,012	14,214	14,400	14,595	14,779	14,986	15,185	15,386	15,583
% Ch	4.7%	4.0%	4.8%	4.3%	5.9%	5.3%	5.5%	5.2%	5.7%	5.4%	5.4%	5.2%
2000 Chain-Weighted	11,548	11,616	11,699	11,772	11,881	11,978	12,079	12,176	12,283	12,390	12,494	12,597
% Ch	2.2%	2.3%	2.9%	2.5%	3.7%	3.3%	3.4%	3.2%	3.6%	3.5%	3.4%	3.3%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	46,366	47,007	47,696	48,376	49,061	49,840	50,579	51,383	52,167	53,047	53,943	54,879
% Ch	6.6%	5.6%	6.0%	5.8%	5.8%	6.5%	6.1%	6.5%	6.2%	6.9%	6.9%	7.1%
Idaho Nonfarm (Millions)	45,282	45,965	46,637	47,330	47,997	48,766	49,496	50,301	51,099	51,960	52,845	53,771
% Ch	7.5%	6.2%	6.0%	6.1%	5.8%	6.6%	6.1%	6.7%	6.5%	6.9%	7.0%	7.2%
National (Billions)	11,251	11,365	11,489	11,623	11,781	11,954	12,124	12,302	12,489	12,679	12,870	13,061
% Ch	5.3%	4.1%	4.4%	4.7%	5.6%	6.0%	5.8%	6.0%	6.2%	6.2%	6.1%	6.1%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	40,047	40,401	40,782	41,165	41,539	42,008	42,420	42,894	43,326	43,865	44,392	44,956
% Ch	4.1%	3.6%	3.8%	3.8%	3.7%	4.6%	4.0%	4.5%	4.1%	5.1%	4.9%	5.2%
Idaho Nonfarm (Millions)	39,110	39,505	39,876	40,276	40,639	41,103	41,511	41,990	42,439	42,965	43,488	44,049
% Ch	5.0%	4.1%	3.8%	4.1%	3.7%	4.7%	4.0%	4.7%	4.3%	5.1%	5.0%	5.3%
National (Billions)	9,717	9,768	9,823	9,890	9,975	10,075	10,168	10,269	10,373	10,485	10,591	10,700
% Ch	2.8%	2.1%	2.3%	2.8%	3.5%	4.1%	3.7%	4.0%	4.1%	4.4%	4.1%	4.2%
PER CAPITA PERS INC - CURR \$												
Idaho	31,188	31,451	31,738	32,018	32,302	32,648	32,968	33,327	33,669	34,068	34,469	34,887
% Ch	4.3%	3.4%	3.7%	3.6%	3.6%	4.3%	4.0%	4.4%	4.2%	4.8%	4.8%	4.9%
National	37,341	37,638	37,963	38,322	38,761	39,244	39,718	40,211	40,735	41,265	41,794	42,325
% Ch	4.3%	3.2%	3.5%	3.8%	4.7%	5.1%	4.9%	5.1%	5.3%	5.3%	5.2%	5.2%
PER CAPITA PERS INC - 2000 \$												
Idaho	26,937	27,031	27,137	27,246	27,350	27,518	27,650	27,821	27,963	28,171	28,366	28,579
% Ch	1.8%	1.4%	1.6%	1.6%	1.5%	2.5%	1.9%	2.5%	2.1%	3.0%	2.8%	3.0%
National	32,251	32,348	32,460	32,610	32,819	33,077	33,311	33,567	33,831	34,122	34,394	34,672
% Ch	1.9%	1.2%	1.4%	1.9%	2.6%	3.2%	2.9%	3.1%	3.2%	3.5%	3.2%	3.3%
AVERAGE ANNUAL WAGE												
Idaho	35,175	35,431	35,723	36,015	36,340	36,678	37,029	37,428	37,832	38,232	38,668	39,098
% Ch	4.8%	2.9%	3.3%	3.3%	3.7%	3.8%	3.9%	4.4%	4.4%	4.3%	4.6%	4.5%
National	45,532	45,861	46,215	46,561	46,985	47,399	47,848	48,302	48,790	49,256	49,755	50,245
% Ch	3.4%	2.9%	3.1%	3.0%	3.7%	3.6%	3.8%	3.9%	4.1%	3.9%	4.1%	4.0%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006**

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007

PERSONAL INCOME -- CURR \$\$

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	18,309	18,808	19,102	19,441	19,798	20,088	20,589	20,981	21,839	22,293	22,481	23,159
% Ch	8.8%	11.4%	6.4%	7.3%	7.6%	6.0%	10.4%	7.8%	17.4%	8.6%	3.4%	12.6%
National (Billions)	5,280	5,350	5,433	5,506	5,556	5,601	5,715	5,787	5,970	5,981	6,048	6,138
% Ch	5.4%	5.4%	6.4%	5.5%	3.7%	3.3%	8.4%	5.1%	13.3%	0.7%	4.5%	6.1%
FARM PROPRIETORS INCOME												
Idaho (Millions)	789	818	676	636	609	413	430	408	431	375	633	738
% Ch	5455.4%	15.5%	-53.4%	-21.6%	-15.9%	-78.8%	17.5%	-18.9%	24.5%	-42.7%	711.5%	85.3%
National (Billions)	38	40	33	34	34	29	30	29	24	18	21	29
% Ch	88.9%	15.5%	-51.9%	18.1%	-4.6%	-48.6%	14.7%	-12.8%	-51.9%	-71.3%	99.6%	255.4%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	3,629	3,758	3,842	3,911	4,068	4,163	4,295	4,316	4,407	4,449	4,494	4,518
% Ch	17.9%	15.0%	9.2%	7.4%	17.1%	9.7%	13.3%	2.0%	8.7%	3.9%	4.1%	2.2%
National (Billions)	839	871	882	907	919	937	938	968	984	994	993	993
% Ch	16.3%	15.7%	5.4%	11.9%	5.2%	8.2%	0.3%	13.6%	6.9%	4.1%	-0.5%	0.0%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,754	6,892	7,047	7,452	7,164	7,269	7,369	7,575	7,670	7,844	8,045	8,200
% Ch	26.0%	8.4%	9.3%	25.0%	-14.6%	6.0%	5.6%	11.7%	5.1%	9.4%	10.6%	8.0%
National (Billions)	1,506	1,522	1,528	1,663	1,583	1,603	1,521	1,662	1,679	1,719	1,758	1,788
% Ch	4.3%	4.2%	1.7%	40.2%	-18.0%	5.3%	-19.0%	42.4%	4.3%	9.9%	9.5%	7.0%
OTHER LABOR INCOME												
Idaho (Millions)	4,484	4,619	4,715	4,816	4,944	5,026	5,125	5,230	5,380	5,473	5,668	5,811
% Ch	14.6%	12.6%	8.6%	8.8%	11.1%	6.8%	8.1%	8.5%	12.0%	7.1%	15.0%	10.5%
National (Billions)	846	858	872	888	910	925	942	956	972	986	1,000	1,014
% Ch	5.6%	5.8%	6.4%	7.8%	10.0%	6.7%	7.7%	6.1%	6.6%	5.9%	6.0%	5.5%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	5,499	5,583	5,632	5,732	5,921	6,028	6,029	6,081	6,282	6,364	6,430	6,510
% Ch	13.6%	6.3%	3.6%	7.3%	13.9%	7.4%	0.1%	3.5%	13.9%	5.3%	4.2%	5.1%
National (Billions)	1,399	1,417	1,442	1,448	1,487	1,510	1,569	1,540	1,570	1,590	1,619	1,637
% Ch	9.6%	5.1%	7.2%	1.9%	11.2%	6.3%	16.5%	-7.2%	8.2%	5.0%	7.5%	4.7%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,140	3,206	3,246	3,300	3,411	3,465	3,550	3,613	3,800	3,875	3,914	3,986
% Ch	12.2%	8.7%	5.1%	6.8%	14.1%	6.5%	10.2%	7.3%	22.4%	8.1%	4.1%	7.5%
National (Billions)	399	404	410	415	424	428	436	441	459	459	463	469
% Ch	11.0%	4.5%	6.0%	5.5%	8.7%	3.5%	8.2%	4.7%	16.7%	0.1%	3.7%	5.4%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	561	579	583	586	595	606	625	631	651	665	671	682
% Ch	7.5%	13.5%	2.8%	2.1%	6.3%	7.6%	13.1%	3.9%	13.3%	8.9%	3.6%	7.0%

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007

PERSONAL INCOME -- CURR \$\$

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	23,574	23,895	24,244	24,576	24,921	25,277	25,635	26,035	26,452	26,878	27,346	27,830
% Ch	7.4%	5.6%	6.0%	5.6%	5.7%	5.8%	5.8%	6.4%	6.6%	6.6%	7.1%	7.3%
National (Billions)	6,205	6,256	6,317	6,383	6,465	6,546	6,632	6,720	6,814	6,906	7,003	7,099
% Ch	4.4%	3.4%	3.9%	4.2%	5.3%	5.1%	5.4%	5.4%	5.7%	5.5%	5.7%	5.6%
FARM PROPRIETORS INCOME												
Idaho (Millions)	663	618	629	614	629	636	643	641	624	642	652	660
% Ch	-34.9%	-24.7%	7.3%	-9.5%	10.5%	4.4%	4.8%	-1.5%	-9.9%	12.0%	5.9%	5.0%
National (Billions)	28	25	26	25	24	24	25	25	24	25	26	26
% Ch	-13.9%	-33.6%	12.9%	-13.2%	-9.6%	6.2%	6.4%	-2.8%	-3.5%	16.0%	7.3%	6.0%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,569	4,635	4,708	4,778	4,877	4,971	5,060	5,145	5,243	5,337	5,420	5,506
% Ch	4.6%	5.9%	6.5%	6.0%	8.6%	7.9%	7.4%	6.9%	7.8%	7.3%	6.4%	6.5%
National (Billions)	1,003	1,016	1,030	1,044	1,065	1,085	1,103	1,120	1,141	1,160	1,177	1,195
% Ch	3.9%	5.3%	5.9%	5.5%	8.2%	7.5%	7.0%	6.5%	7.5%	7.0%	6.0%	6.2%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	8,395	8,540	8,675	8,835	8,991	9,199	9,394	9,591	9,783	10,000	10,220	10,426
% Ch	9.9%	7.1%	6.5%	7.6%	7.2%	9.6%	8.8%	8.6%	8.2%	9.2%	9.1%	8.3%
National (Billions)	1,820	1,841	1,863	1,891	1,922	1,966	2,008	2,051	2,094	2,143	2,192	2,237
% Ch	7.2%	4.9%	4.8%	6.2%	6.7%	9.4%	8.8%	8.9%	8.6%	9.6%	9.5%	8.5%
OTHER LABOR INCOME												
Idaho (Millions)	5,896	5,974	6,027	6,078	6,112	6,163	6,199	6,259	6,318	6,390	6,459	6,544
% Ch	6.0%	5.4%	3.6%	3.4%	2.3%	3.4%	2.4%	4.0%	3.8%	4.7%	4.4%	5.3%
National (Billions)	1,025	1,037	1,045	1,054	1,060	1,068	1,075	1,084	1,093	1,103	1,112	1,123
% Ch	4.6%	4.6%	3.1%	3.5%	2.3%	3.2%	2.5%	3.4%	3.4%	3.9%	3.4%	4.0%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	6,663	6,758	6,854	6,943	7,082	7,188	7,285	7,389	7,541	7,647	7,754	7,869
% Ch	9.8%	5.8%	5.8%	5.3%	8.2%	6.2%	5.5%	5.9%	8.4%	5.7%	5.7%	6.1%
National (Billions)	1,674	1,696	1,718	1,738	1,770	1,794	1,816	1,840	1,876	1,900	1,924	1,950
% Ch	9.3%	5.3%	5.2%	4.7%	7.6%	5.6%	5.1%	5.4%	7.9%	5.3%	5.2%	5.5%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	4,084	4,107	4,141	4,151	4,259	4,308	4,356	4,403	4,528	4,588	4,658	4,715
% Ch	10.3%	2.2%	3.3%	0.9%	10.9%	4.6%	4.6%	4.4%	11.8%	5.4%	6.2%	5.0%
National (Billions)	479	482	486	487	499	504	509	513	526	531	537	542
% Ch	9.1%	2.0%	3.2%	1.5%	10.0%	3.8%	4.0%	3.3%	10.5%	4.2%	4.6%	3.2%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	690	694	699	703	708	714	719	726	733	741	750	760
% Ch	4.4%	2.4%	3.0%	2.6%	2.8%	3.0%	3.0%	3.8%	4.2%	4.3%	5.0%	5.3%

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007

EMPLOYMENT

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	579,133	586,950	590,572	595,502	603,771	607,353	615,050	620,575	631,588	636,917	639,430	644,249
% Ch	2.0%	5.5%	2.5%	3.4%	5.7%	2.4%	5.2%	3.6%	7.3%	3.4%	1.6%	3.0%
National (Thousands)	130,572	131,277	131,602	132,244	132,694	133,230	133,750	134,161	134,722	135,128	135,577	135,934
% Ch	1.2%	2.2%	1.0%	2.0%	1.4%	1.6%	1.6%	1.2%	1.7%	1.2%	1.3%	1.1%
GOODS PRODUCING SECTOR												
Idaho	103,256	105,328	105,706	107,457	110,195	111,078	112,809	115,242	120,388	122,474	124,121	123,405
% Ch	3.5%	8.3%	1.4%	6.8%	10.6%	3.2%	6.4%	8.9%	19.1%	7.1%	5.5%	-2.3%
National (Thousands)	21,727	21,858	21,932	22,000	22,039	22,126	22,140	22,242	22,363	22,420	22,423	22,313
% Ch	0.8%	2.4%	1.4%	1.3%	0.7%	1.6%	0.2%	1.9%	2.2%	1.0%	0.0%	-1.9%
MANUFACTURING												
Idaho	63,055	63,773	63,630	64,263	64,747	64,739	65,056	65,628	66,963	67,734	67,796	67,906
% Ch	0.2%	4.6%	-0.9%	4.0%	3.0%	0.0%	2.0%	3.6%	8.4%	4.7%	0.4%	0.6%
National (Thousands)	14,354	14,399	14,403	14,374	14,338	14,311	14,271	14,273	14,288	14,309	14,291	14,213
% Ch	-0.8%	1.3%	0.1%	-0.8%	-1.0%	-0.7%	-1.1%	0.0%	0.4%	0.6%	-0.5%	-2.1%
DURABLE MANUFACTURING												
Idaho	39,885	40,658	40,704	40,950	41,531	41,914	42,259	42,748	43,783	44,484	44,723	44,806
% Ch	2.3%	8.0%	0.4%	2.4%	5.8%	3.7%	3.3%	4.7%	10.0%	6.6%	2.2%	0.7%
National (Thousands)	8,933	8,988	9,020	9,024	9,022	9,023	9,006	9,023	9,046	9,085	9,074	9,030
% Ch	0.4%	2.5%	1.4%	0.2%	-0.1%	0.0%	-0.7%	0.7%	1.0%	1.7%	-0.5%	-1.9%
LOGGING & WOOD PRODUCTS												
Idaho	9,219	9,334	9,335	9,293	9,450	9,584	9,654	9,790	10,047	10,294	10,110	10,084
% Ch	5.8%	5.1%	0.0%	-1.8%	6.9%	5.8%	3.0%	5.7%	10.9%	10.2%	-7.0%	-1.0%
National (Thousands)	611	618	619	623	625	618	616	618	621	617	608	594
% Ch	0.8%	4.7%	0.7%	2.9%	1.2%	-4.3%	-1.1%	0.7%	2.5%	-2.5%	-6.0%	-8.9%
METAL FABRICATION												
Idaho	3,574	3,645	3,684	3,641	3,775	3,811	3,924	4,113	4,232	4,249	4,370	4,415
% Ch	5.6%	8.2%	4.3%	-4.6%	15.5%	3.9%	12.5%	20.6%	12.1%	1.7%	11.8%	4.2%
National (Thousands)	1,478	1,494	1,505	1,510	1,513	1,518	1,522	1,524	1,531	1,541	1,552	1,550
% Ch	2.6%	4.6%	2.8%	1.4%	0.9%	1.3%	0.9%	0.6%	1.9%	2.6%	3.0%	-0.7%
MACHINERY												
Idaho	2,546	2,572	2,577	2,585	2,595	2,573	2,601	2,657	2,783	2,851	2,843	2,813
% Ch	-5.4%	4.0%	0.8%	1.3%	1.5%	-3.4%	4.4%	8.9%	20.3%	10.0%	-1.0%	-4.2%
National (Thousands)	1,131	1,141	1,150	1,150	1,153	1,161	1,164	1,169	1,168	1,180	1,194	1,197
% Ch	-0.5%	3.7%	3.4%	-0.1%	0.9%	2.7%	1.2%	1.5%	-0.3%	4.1%	5.1%	0.8%
COMPUTER & ELECTRONICS												
Idaho	16,127	16,424	16,254	16,333	16,327	16,341	16,100	15,956	16,397	16,508	16,625	16,766
% Ch	1.5%	7.5%	-4.1%	2.0%	-0.2%	0.3%	-5.8%	-3.5%	11.5%	2.7%	2.9%	3.4%
National (Thousands)	1,319	1,324	1,328	1,320	1,317	1,319	1,323	1,323	1,320	1,330	1,329	1,327
% Ch	-1.0%	1.4%	1.4%	-2.4%	-1.0%	0.8%	1.2%	-0.2%	-0.7%	3.0%	-0.5%	-0.6%
OTHER DURABLES												
Idaho	8,418	8,684	8,854	9,097	9,385	9,605	9,979	10,231	10,323	10,582	10,774	10,728
% Ch	1.2%	13.3%	8.1%	11.5%	13.3%	9.7%	16.5%	10.5%	3.6%	10.4%	7.5%	-1.7%
National (Thousands)	4,395	4,412	4,418	4,421	4,415	4,407	4,381	4,390	4,405	4,417	4,390	4,362
% Ch	0.3%	1.5%	0.5%	0.3%	-0.6%	-0.7%	-2.3%	0.8%	1.4%	1.1%	-2.4%	-2.5%

National Variables Forecast by Global Insight
Forecast Begins the **THIRD** Quarter of 2006

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007

EMPLOYMENT

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	648,352	652,574	656,799	660,576	663,846	667,310	670,543	673,989	677,527	681,482	685,805	690,556
% Ch	2.6%	2.6%	2.6%	2.3%	2.0%	2.1%	2.0%	2.1%	2.1%	2.4%	2.6%	2.8%
National (Thousands)	136,272	136,418	136,687	137,079	137,593	138,104	138,613	139,126	139,662	140,201	140,743	141,280
% Ch	1.0%	0.4%	0.8%	1.2%	1.5%	1.5%	1.5%	1.5%	1.5%	1.6%	1.6%	1.5%
GOODS PRODUCING SECTOR												
Idaho	122,347	121,544	121,045	120,662	120,376	120,167	119,907	119,620	119,412	119,311	119,336	119,482
% Ch	-3.4%	-2.6%	-1.6%	-1.3%	-0.9%	-0.7%	-0.9%	-1.0%	-0.7%	-0.3%	0.1%	0.5%
National (Thousands)	22,200	22,023	21,977	21,985	21,967	21,927	21,920	21,914	21,949	21,979	22,034	22,084
% Ch	-2.0%	-3.1%	-0.8%	0.1%	-0.3%	-0.7%	-0.1%	-0.1%	0.6%	0.6%	1.0%	0.9%
MANUFACTURING												
Idaho	67,485	67,339	67,254	67,142	67,058	67,004	66,998	66,968	66,981	67,088	67,246	67,465
% Ch	-2.5%	-0.9%	-0.5%	-0.7%	-0.5%	-0.3%	0.0%	-0.2%	0.1%	0.6%	0.9%	1.3%
National (Thousands)	14,186	14,090	14,070	14,087	14,051	14,024	14,003	13,979	13,975	13,970	13,968	13,967
% Ch	-0.8%	-2.7%	-0.6%	0.5%	-1.0%	-0.8%	-0.6%	-0.7%	-0.1%	-0.2%	0.0%	0.0%
DURABLE MANUFACTURING												
Idaho	44,371	44,220	44,147	44,018	43,872	43,756	43,695	43,631	43,609	43,683	43,806	43,991
% Ch	-3.8%	-1.3%	-0.7%	-1.2%	-1.3%	-1.1%	-0.6%	-0.6%	-0.2%	0.7%	1.1%	1.7%
National (Thousands)	9,021	8,936	8,923	8,943	8,922	8,909	8,903	8,892	8,897	8,902	8,908	8,919
% Ch	-0.4%	-3.8%	-0.6%	0.9%	-0.9%	-0.6%	-0.3%	-0.5%	0.2%	0.2%	0.3%	0.5%
LOGGING & WOOD PRODUCTS												
Idaho	9,556	9,232	9,054	8,933	8,866	8,841	8,851	8,842	8,847	8,876	8,900	8,943
% Ch	-19.4%	-12.9%	-7.5%	-5.2%	-3.0%	-1.1%	0.5%	-0.4%	0.2%	1.4%	1.1%	2.0%
National (Thousands)	579	562	554	550	546	544	544	543	543	543	544	546
% Ch	-9.9%	-10.8%	-5.7%	-2.8%	-2.8%	-1.4%	-0.5%	-0.9%	0.0%	0.2%	0.8%	1.7%
METAL FABRICATION												
Idaho	4,427	4,447	4,470	4,495	4,521	4,546	4,570	4,593	4,613	4,625	4,629	4,629
% Ch	1.1%	1.8%	2.1%	2.3%	2.3%	2.2%	2.1%	2.0%	1.8%	1.0%	0.3%	0.0%
National (Thousands)	1,561	1,569	1,585	1,603	1,610	1,616	1,623	1,629	1,635	1,639	1,642	1,644
% Ch	3.0%	2.0%	4.0%	4.8%	1.7%	1.6%	1.7%	1.4%	1.6%	1.1%	0.7%	0.6%
MACHINERY												
Idaho	2,789	2,759	2,733	2,709	2,690	2,670	2,653	2,640	2,632	2,627	2,626	2,619
% Ch	-3.3%	-4.2%	-3.7%	-3.4%	-2.8%	-3.0%	-2.5%	-1.9%	-1.3%	-0.7%	-0.3%	-1.0%
National (Thousands)	1,208	1,199	1,204	1,213	1,207	1,201	1,195	1,191	1,188	1,186	1,184	1,182
% Ch	4.0%	-3.1%	1.6%	3.1%	-1.8%	-2.2%	-1.8%	-1.5%	-0.9%	-0.7%	-0.5%	-0.8%
COMPUTER & ELECTRONICS												
Idaho	16,885	17,013	17,034	16,928	16,791	16,645	16,500	16,349	16,214	16,143	16,132	16,181
% Ch	2.9%	3.1%	0.5%	-2.5%	-3.2%	-3.4%	-3.4%	-3.6%	-3.3%	-1.7%	-0.3%	1.2%
National (Thousands)	1,300	1,254	1,216	1,183	1,162	1,151	1,139	1,125	1,115	1,105	1,098	1,094
% Ch	-7.8%	-13.4%	-11.8%	-10.4%	-6.7%	-3.8%	-4.1%	-5.0%	-3.4%	-3.5%	-2.6%	-1.5%
OTHER DURABLES												
Idaho	10,713	10,769	10,857	10,953	11,004	11,054	11,122	11,207	11,304	11,412	11,520	11,619
% Ch	-0.6%	2.1%	3.3%	3.6%	1.9%	1.8%	2.5%	3.1%	3.5%	3.9%	3.8%	3.5%
National (Thousands)	4,373	4,351	4,365	4,395	4,396	4,396	4,401	4,406	4,417	4,428	4,440	4,452
% Ch	0.9%	-2.0%	1.3%	2.8%	0.2%	0.0%	0.4%	0.4%	1.0%	1.1%	1.0%	1.1%

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007
EMPLOYMENT

MANUFACTURING (continued)

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,170	23,115	22,926	23,314	23,215	22,824	22,797	22,880	23,179	23,250	23,074	23,100
% Ch	-3.4%	-1.0%	-3.2%	6.9%	-1.7%	-6.6%	-0.5%	1.5%	5.3%	1.2%	-3.0%	0.5%
National (Thousands)	5,421	5,410	5,384	5,350	5,316	5,288	5,265	5,250	5,243	5,224	5,217	5,184
% Ch	-2.7%	-0.8%	-2.0%	-2.5%	-2.5%	-2.1%	-1.7%	-1.1%	-0.6%	-1.4%	-0.5%	-2.5%
FOOD PROCESSING												
Idaho	15,177	15,021	14,747	15,048	14,974	14,657	14,624	14,598	14,713	14,760	14,513	14,508
% Ch	-8.9%	-4.0%	-7.1%	8.4%	-2.0%	-8.2%	-0.9%	-0.7%	3.2%	1.3%	-6.5%	-0.2%
National (Thousands)	1,498	1,497	1,494	1,488	1,483	1,476	1,468	1,463	1,462	1,463	1,470	1,470
% Ch	-3.7%	-0.3%	-0.8%	-1.6%	-1.3%	-2.0%	-2.0%	-1.4%	-0.3%	0.3%	1.7%	0.1%
PRINTING												
Idaho	1,911	1,911	1,941	1,921	1,912	1,893	1,894	1,901	1,878	1,909	1,897	1,894
% Ch	-3.6%	0.0%	6.4%	-4.0%	-2.0%	-4.0%	0.2%	1.5%	-4.7%	6.9%	-2.6%	-0.6%
National (Thousands)	668	665	661	656	652	650	646	645	644	642	639	639
% Ch	-3.2%	-1.5%	-2.4%	-3.2%	-2.4%	-1.4%	-2.1%	-0.9%	-0.5%	-1.2%	-1.7%	0.0%
CHEMICALS												
Idaho	1,836	1,879	1,897	1,899	1,942	1,924	1,947	1,935	2,095	2,105	2,135	2,137
% Ch	3.5%	9.5%	3.9%	0.4%	9.4%	-3.6%	4.9%	-2.5%	37.5%	2.0%	5.6%	0.4%
National (Thousands)	890	890	886	882	877	878	879	882	886	889	895	894
% Ch	-1.2%	-0.2%	-1.7%	-1.7%	-2.1%	0.4%	0.5%	1.0%	2.2%	1.0%	3.1%	-0.8%
OTHER NONDURABLES												
Idaho	4,245	4,303	4,342	4,446	4,388	4,350	4,332	4,446	4,494	4,475	4,529	4,562
% Ch	16.1%	5.6%	3.6%	9.9%	-5.1%	-3.4%	-1.6%	11.0%	4.3%	-1.7%	4.9%	2.9%
National (Thousands)	2,365	2,358	2,342	2,324	2,303	2,284	2,271	2,261	2,250	2,230	2,213	2,181
% Ch	-2.6%	-1.1%	-2.7%	-3.2%	-3.5%	-3.2%	-2.3%	-1.9%	-1.8%	-3.5%	-3.1%	-5.7%
MINING												
Idaho	1,819	1,930	1,974	2,002	2,039	2,132	2,214	2,257	2,355	2,416	2,363	2,318
% Ch	5.8%	26.8%	9.4%	5.7%	7.6%	19.5%	16.4%	8.0%	18.6%	10.7%	-8.5%	-7.4%
National (Thousands)	511	521	528	531	543	557	564	578	591	609	621	629
% Ch	4.1%	8.4%	5.8%	2.3%	8.9%	10.6%	5.0%	10.9%	9.3%	12.8%	7.6%	5.2%
CONSTRUCTION												
Idaho	38,382	39,625	40,102	41,192	43,410	44,208	45,539	47,358	51,070	52,324	53,961	53,182
% Ch	9.1%	13.6%	4.9%	11.3%	23.3%	7.6%	12.6%	17.0%	35.2%	10.2%	13.1%	-5.7%
National (Thousands)	6,863	6,939	7,000	7,095	7,158	7,258	7,305	7,391	7,483	7,502	7,511	7,471
% Ch	4.1%	4.5%	3.6%	5.5%	3.6%	5.7%	2.6%	4.8%	5.1%	1.0%	0.5%	-2.1%
NONGOODS PRODUCING												
Idaho	475,877	481,622	484,866	488,045	493,576	496,275	502,241	505,333	511,200	514,443	515,310	520,844
% Ch	1.7%	4.9%	2.7%	2.6%	4.6%	2.2%	4.9%	2.5%	4.7%	2.6%	0.7%	4.4%
National (Thousands)	108,844	109,419	109,670	110,243	110,656	111,104	111,610	111,920	112,358	112,708	113,154	113,621
% Ch	1.2%	2.1%	0.9%	2.1%	1.5%	1.6%	1.8%	1.1%	1.6%	1.2%	1.6%	1.7%
SERVICES												
Idaho	264,595	268,502	270,238	272,731	276,779	278,802	282,417	284,963	288,524	291,026	293,576	297,102
% Ch	2.9%	6.0%	2.6%	3.7%	6.1%	3.0%	5.3%	3.7%	5.1%	3.5%	3.6%	4.9%
National (Thousands)	66,676	67,115	67,313	67,709	68,019	68,341	68,711	68,987	69,374	69,700	70,074	70,449
% Ch	1.6%	2.7%	1.2%	2.4%	1.8%	1.9%	2.2%	1.6%	2.3%	1.9%	2.2%	2.2%
INFORMATION												
Idaho	9,400	9,701	10,217	10,420	10,893	11,019	11,033	11,339	10,474	10,551	10,555	10,544
% Ch	6.3%	13.4%	23.0%	8.2%	19.4%	4.7%	0.5%	11.5%	-27.2%	2.9%	0.2%	-0.4%
National (Thousands)	3,140	3,135	3,107	3,087	3,066	3,066	3,066	3,063	3,070	3,064	3,058	3,065
% Ch	-1.3%	-0.7%	-3.5%	-2.6%	-2.7%	0.0%	-0.1%	-0.4%	1.0%	-0.7%	-0.9%	0.9%
FINANCIAL ACTIVITIES												
Idaho	27,468	27,811	27,965	28,505	28,852	29,210	29,949	30,601	31,181	31,651	31,915	32,115
% Ch	3.4%	5.1%	2.2%	7.9%	5.0%	5.0%	10.5%	9.0%	7.8%	6.2%	3.4%	2.5%
National (Thousands)	7,989	8,029	8,040	8,062	8,095	8,105	8,154	8,214	8,265	8,313	8,338	8,364
% Ch	0.0%	2.0%	0.6%	1.1%	1.6%	0.5%	2.5%	2.9%	2.5%	2.3%	1.2%	1.3%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007

EMPLOYMENT

MANUFACTURING (continued)

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,115	23,118	23,107	23,124	23,186	23,248	23,302	23,337	23,372	23,405	23,441	23,474
% Ch	0.3%	0.1%	-0.2%	0.3%	1.1%	1.1%	0.9%	0.6%	0.6%	0.6%	0.6%	0.6%
National (Thousands)	5,165	5,154	5,147	5,144	5,129	5,115	5,100	5,087	5,078	5,068	5,060	5,048
% Ch	-1.4%	-0.8%	-0.6%	-0.2%	-1.1%	-1.1%	-1.1%	-1.1%	-0.7%	-0.8%	-0.6%	-0.9%
FOOD PROCESSING												
Idaho	14,497	14,505	14,514	14,555	14,619	14,675	14,719	14,742	14,762	14,779	14,798	14,817
% Ch	-0.3%	0.2%	0.3%	1.1%	1.8%	1.5%	1.2%	0.6%	0.5%	0.5%	0.5%	0.5%
National (Thousands)	1,469	1,475	1,482	1,491	1,495	1,499	1,503	1,506	1,510	1,513	1,517	1,520
% Ch	-0.3%	1.7%	1.9%	2.3%	1.3%	1.0%	1.0%	0.7%	1.1%	0.9%	1.1%	0.7%
PRINTING												
Idaho	1,882	1,864	1,850	1,834	1,827	1,824	1,822	1,823	1,823	1,821	1,818	1,814
% Ch	-2.5%	-3.8%	-2.9%	-3.3%	-1.7%	-0.6%	-0.3%	0.1%	0.0%	-0.4%	-0.7%	-0.9%
National (Thousands)	638	641	642	642	640	638	637	635	634	634	632	631
% Ch	-0.5%	1.8%	0.5%	-0.3%	-0.8%	-1.2%	-1.1%	-0.9%	-0.4%	-0.4%	-0.8%	-1.1%
CHEMICALS												
Idaho	2,158	2,161	2,139	2,111	2,094	2,077	2,062	2,047	2,033	2,020	2,006	1,993
% Ch	4.0%	0.5%	-4.0%	-5.1%	-3.2%	-3.1%	-2.9%	-2.8%	-2.7%	-2.7%	-2.6%	-2.6%
National (Thousands)	892	887	883	882	879	877	873	871	869	868	866	865
% Ch	-0.6%	-2.5%	-1.8%	-0.3%	-1.3%	-1.1%	-1.5%	-0.9%	-1.0%	-0.8%	-0.7%	-0.7%
OTHER NONDURABLES												
Idaho	4,578	4,590	4,604	4,624	4,647	4,672	4,698	4,724	4,754	4,785	4,818	4,849
% Ch	1.4%	1.0%	1.3%	1.7%	2.1%	2.1%	2.3%	2.2%	2.5%	2.6%	2.8%	2.6%
National (Thousands)	2,165	2,152	2,140	2,130	2,114	2,101	2,087	2,074	2,064	2,054	2,044	2,033
% Ch	-2.8%	-2.5%	-2.1%	-2.0%	-2.9%	-2.6%	-2.5%	-2.5%	-1.9%	-2.0%	-1.9%	-2.2%
MINING												
Idaho	2,309	2,226	2,185	2,176	2,165	2,144	2,119	2,087	2,058	2,025	1,992	1,954
% Ch	-1.5%	-13.6%	-7.3%	-1.5%	-2.0%	-4.0%	-4.6%	-5.8%	-5.4%	-6.3%	-6.3%	-7.4%
National (Thousands)	629	627	630	638	637	638	637	633	628	622	615	608
% Ch	0.5%	-1.6%	1.8%	5.4%	-0.6%	0.7%	-1.0%	-2.0%	-3.3%	-4.1%	-4.2%	-4.5%
CONSTRUCTION												
Idaho	52,552	51,979	51,606	51,343	51,153	51,020	50,791	50,564	50,373	50,197	50,097	50,063
% Ch	-4.7%	-4.3%	-2.8%	-2.0%	-1.5%	-1.0%	-1.8%	-1.8%	-1.5%	-1.4%	-0.8%	-0.3%
National (Thousands)	7,384	7,306	7,278	7,260	7,279	7,265	7,281	7,301	7,345	7,388	7,451	7,510
% Ch	-4.6%	-4.1%	-1.5%	-1.0%	1.1%	-0.7%	0.8%	1.1%	2.4%	2.3%	3.5%	3.2%
NONGOODS PRODUCING												
Idaho	526,005	531,031	535,754	539,915	543,470	547,142	550,636	554,369	558,115	562,171	566,468	571,074
% Ch	4.0%	3.9%	3.6%	3.1%	2.7%	2.7%	2.6%	2.7%	2.7%	2.9%	3.1%	3.3%
National (Thousands)	114,072	114,395	114,709	115,094	115,626	116,177	116,693	117,212	117,713	118,222	118,709	119,196
% Ch	1.6%	1.1%	1.1%	1.3%	1.9%	1.9%	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%
SERVICES												
Idaho	300,287	303,311	306,235	308,950	311,274	313,854	316,229	318,788	321,260	323,938	326,669	329,541
% Ch	4.4%	4.1%	3.9%	3.6%	3.0%	3.4%	3.1%	3.3%	3.1%	3.4%	3.4%	3.6%
National (Thousands)	70,783	71,088	71,355	71,606	71,973	72,379	72,763	73,149	73,590	74,006	74,403	74,769
% Ch	1.9%	1.7%	1.5%	1.4%	2.1%	2.3%	2.1%	2.1%	2.4%	2.3%	2.2%	2.0%
INFORMATION												
Idaho	10,531	10,540	10,583	10,639	10,702	10,769	10,838	10,909	10,981	11,054	11,128	11,203
% Ch	-0.5%	0.4%	1.6%	2.2%	2.4%	2.5%	2.6%	2.6%	2.7%	2.7%	2.7%	2.7%
National (Thousands)	3,068	3,058	3,038	3,005	3,004	3,027	3,027	3,031	3,041	3,049	3,058	3,061
% Ch	0.4%	-1.3%	-2.6%	-4.3%	-0.2%	3.1%	0.0%	0.6%	1.2%	1.1%	1.2%	0.5%
FINANCIAL ACTIVITIES												
Idaho	32,465	32,810	33,155	33,499	33,842	34,181	34,517	34,850	35,181	35,510	35,842	36,178
% Ch	4.4%	4.3%	4.3%	4.2%	4.2%	4.1%	4.0%	3.9%	3.9%	3.8%	3.8%	3.8%
National (Thousands)	8,408	8,423	8,419	8,409	8,418	8,418	8,431	8,432	8,452	8,473	8,515	8,561
% Ch	2.1%	0.7%	-0.2%	-0.5%	0.4%	0.0%	0.6%	0.1%	1.0%	1.0%	2.0%	2.1%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007

EMPLOYMENT

SERVICES (Continued)												
	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	18,913	19,079	18,873	18,914	18,966	19,148	19,458	19,596	19,965	20,128	20,252	20,366
% Ch	3.7%	3.6%	-4.3%	0.9%	1.1%	3.9%	6.6%	2.9%	7.7%	3.3%	2.5%	2.3%
National (Thousands)	4,778	4,798	4,824	4,845	4,876	4,902	4,913	4,926	4,944	4,967	4,988	5,004
% Ch	1.6%	1.7%	2.1%	1.7%	2.6%	2.1%	0.9%	1.1%	1.4%	1.9%	1.8%	1.3%
PROFESSIONAL & BUSINESS												
Idaho	71,290	73,013	73,782	74,484	75,720	76,479	77,513	77,901	80,597	81,417	81,591	82,871
% Ch	2.6%	7.3%	3.2%	4.4%	6.9%	2.2%	3.1%	1.2%	0.2%	3.6%	0.9%	6.4%
National (Thousands)	16,165	16,361	16,445	16,594	16,698	16,806	16,942	17,058	17,161	17,269	17,394	17,495
% Ch	1.5%	4.9%	2.1%	3.7%	2.5%	2.6%	3.3%	2.8%	2.4%	2.5%	2.9%	2.3%
EDUCATION & HEALTH												
Idaho	63,930	65,067	65,581	66,286	67,398	67,771	68,288	68,490	68,526	69,140	71,228	72,314
% Ch	2.6%	7.3%	3.2%	4.4%	6.9%	2.2%	3.1%	1.2%	0.2%	3.6%	12.6%	6.2%
National (Thousands)	16,804	16,911	16,986	17,106	17,192	17,288	17,411	17,476	17,584	17,677	17,794	17,904
% Ch	2.1%	2.6%	1.8%	2.9%	2.0%	2.3%	2.9%	1.5%	2.5%	2.1%	2.7%	2.5%
LEISURE & HOSPITALITY												
Idaho	55,482	55,511	55,480	55,814	56,617	56,791	57,637	58,390	59,017	59,216	59,026	59,846
% Ch	3.5%	0.2%	-0.2%	2.4%	5.9%	1.2%	6.1%	5.3%	4.4%	1.4%	-1.3%	5.7%
National (Thousands)	12,390	12,460	12,504	12,618	12,699	12,783	12,840	12,873	12,954	13,009	13,096	13,194
% Ch	3.1%	2.3%	1.4%	3.7%	2.6%	2.7%	1.8%	1.0%	2.6%	1.7%	2.7%	3.0%
OTHER SERVICES												
Idaho	18,113	18,321	18,340	18,308	18,332	18,384	18,539	18,645	18,764	18,922	19,008	19,046
% Ch	-4.1%	4.7%	0.4%	-0.7%	0.5%	1.1%	3.4%	2.3%	2.6%	3.4%	1.8%	0.8%
National (Thousands)	5,410	5,422	5,408	5,397	5,394	5,391	5,386	5,378	5,397	5,402	5,406	5,423
% Ch	0.6%	0.9%	-1.0%	-0.8%	-0.2%	-0.2%	-0.3%	-0.6%	1.4%	0.3%	0.3%	1.2%
TRADE												
Idaho	97,811	98,943	99,506	100,244	101,927	102,781	104,623	105,350	106,184	106,945	107,994	109,716
% Ch	1.3%	4.7%	2.3%	3.0%	6.9%	3.4%	7.4%	2.8%	3.2%	2.9%	4.0%	6.5%
National (Thousands)	20,613	20,709	20,735	20,824	20,902	20,987	21,056	21,062	21,111	21,077	21,067	21,075
% Ch	1.5%	1.9%	0.5%	1.7%	1.5%	1.6%	1.3%	0.1%	0.9%	-0.6%	-0.2%	0.1%
RETAIL TRADE												
Idaho	72,905	73,795	73,702	74,468	75,561	76,214	77,445	77,946	79,350	79,985	81,179	82,586
% Ch	-0.8%	5.0%	-0.5%	4.2%	6.0%	3.5%	6.6%	2.6%	7.4%	3.2%	6.1%	7.1%
National (Thousands)	14,989	15,056	15,063	15,128	15,189	15,246	15,297	15,284	15,299	15,236	15,212	15,202
% Ch	1.3%	1.8%	0.2%	1.7%	1.6%	1.5%	1.3%	-0.3%	0.4%	-1.6%	-0.6%	-0.2%
WHOLESALE TRADE												
Idaho	24,906	25,148	25,804	25,776	26,366	26,567	27,177	27,404	26,835	26,961	26,815	27,130
% Ch	7.9%	3.9%	10.8%	-0.4%	9.5%	3.1%	9.5%	3.4%	-8.0%	1.9%	-2.1%	4.8%
National (Thousands)	5,625	5,653	5,672	5,696	5,714	5,740	5,759	5,778	5,812	5,841	5,856	5,873
% Ch	2.0%	2.0%	1.4%	1.7%	1.2%	1.9%	1.3%	1.3%	2.4%	2.0%	1.0%	1.2%
STATE & LOCAL GOVERNMENT												
Idaho	100,238	100,892	101,642	101,822	101,650	101,589	102,277	101,953	103,458	103,676	101,279	101,573
% Ch	0.0%	2.6%	3.0%	0.7%	-0.7%	-0.2%	2.7%	-1.3%	6.0%	0.8%	-8.9%	1.2%
National (Thousands)	18,826	18,859	18,892	18,980	19,008	19,049	19,117	19,148	19,167	19,224	19,303	19,399
% Ch	0.1%	0.7%	0.7%	1.9%	0.6%	0.9%	1.4%	0.7%	0.4%	1.2%	1.6%	2.0%
EDUCATION												
Idaho	50,326	50,640	51,181	51,116	51,260	51,224	51,646	51,089	52,044	52,283	52,667	52,907
% Ch	-2.2%	2.5%	4.3%	-0.5%	1.1%	-0.3%	3.3%	-4.2%	7.7%	1.8%	3.0%	1.8%
NONEDUCATION												
Idaho	49,912	50,252	50,461	50,707	50,391	50,365	50,631	50,864	51,414	51,393	48,612	48,665
% Ch	2.3%	2.8%	1.7%	2.0%	-2.5%	-0.2%	2.1%	1.9%	4.4%	-0.2%	-19.9%	0.4%
FEDERAL GOVERNMENT												
Idaho	13,233	13,284	13,480	13,247	13,220	13,102	12,924	13,066	13,033	12,796	12,461	12,454
% Ch	-4.3%	1.5%	6.0%	-6.7%	-0.8%	-3.5%	-5.3%	4.5%	-1.0%	-7.1%	-10.1%	-0.2%
National (Thousands)	2,729	2,735	2,730	2,730	2,726	2,727	2,725	2,722	2,706	2,707	2,710	2,698
% Ch	-1.0%	0.9%	-0.7%	0.0%	-0.6%	0.1%	-0.2%	-0.5%	-2.3%	0.1%	0.5%	-1.8%

National Variables Forecast by Global Insight
Forecast Begins the **THIRD** Quarter of 2006

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007**

EMPLOYMENT

SERVICES (Continued)	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	20,493	20,648	20,780	20,773	20,735	20,707	20,688	20,693	20,719	20,758	20,821	20,901
% Ch	2.5%	3.1%	2.6%	-0.1%	-0.7%	-0.5%	-0.4%	0.1%	0.5%	0.7%	1.2%	1.6%
National (Thousands)	5,013	5,023	5,049	5,077	5,101	5,138	5,184	5,218	5,248	5,287	5,330	5,365
% Ch	0.7%	0.8%	2.1%	2.3%	1.8%	3.0%	3.6%	2.6%	2.4%	3.0%	3.3%	2.6%
PROFESSIONAL & BUSINESS												
Idaho	83,952	84,918	85,796	86,688	87,548	88,554	89,430	90,392	91,264	92,229	93,177	94,155
% Ch	5.3%	4.7%	4.2%	4.2%	4.0%	4.7%	4.0%	4.4%	3.9%	4.3%	4.2%	4.3%
National (Thousands)	17,560	17,670	17,845	17,990	18,190	18,410	18,642	18,849	19,065	19,290	19,516	19,704
% Ch	1.5%	2.5%	4.0%	3.3%	4.5%	4.9%	5.2%	4.5%	4.7%	4.8%	4.8%	3.9%
EDUCATION & HEALTH												
Idaho	72,945	73,492	73,997	74,495	74,970	75,555	76,070	76,658	77,211	77,849	78,493	79,190
% Ch	3.5%	3.0%	2.8%	2.7%	2.6%	3.2%	2.8%	3.1%	2.9%	3.3%	3.3%	3.6%
National (Thousands)	18,033	18,081	18,162	18,211	18,280	18,332	18,446	18,518	18,610	18,671	18,727	18,756
% Ch	2.9%	1.1%	1.8%	1.1%	1.5%	1.1%	2.5%	1.6%	2.0%	1.3%	1.2%	0.6%
LEISURE & HOSPITALITY												
Idaho	60,618	61,367	62,151	62,913	63,384	63,838	64,273	64,700	65,133	65,576	66,042	66,534
% Ch	5.3%	5.0%	5.2%	5.0%	3.0%	2.9%	2.7%	2.7%	2.7%	2.7%	2.9%	3.0%
National (Thousands)	13,262	13,372	13,378	13,454	13,537	13,618	13,593	13,666	13,746	13,814	13,831	13,894
% Ch	2.1%	3.3%	0.2%	2.3%	2.5%	2.4%	-0.7%	2.2%	2.4%	2.0%	0.5%	1.8%
OTHER SERVICES												
Idaho	19,284	19,535	19,774	19,942	20,094	20,251	20,412	20,587	20,771	20,962	21,166	21,380
% Ch	5.1%	5.3%	5.0%	3.4%	3.1%	3.2%	3.2%	3.5%	3.6%	3.7%	4.0%	4.1%
National (Thousands)	5,438	5,461	5,463	5,459	5,444	5,437	5,441	5,435	5,427	5,423	5,427	5,429
% Ch	1.1%	1.7%	0.2%	-0.3%	-1.1%	-0.5%	0.3%	-0.4%	-0.6%	-0.4%	0.3%	0.2%
TRADE												
Idaho	111,193	112,788	114,281	115,176	115,937	116,741	117,585	118,534	119,571	120,663	121,861	123,136
% Ch	5.5%	5.9%	5.4%	3.2%	2.7%	2.8%	2.9%	3.3%	3.5%	3.7%	4.0%	4.3%
National (Thousands)	21,124	21,115	21,166	21,262	21,387	21,479	21,558	21,636	21,645	21,691	21,715	21,756
% Ch	0.9%	-0.2%	1.0%	1.8%	2.4%	1.7%	1.5%	1.5%	0.2%	0.8%	0.5%	0.7%
RETAIL TRADE												
Idaho	83,734	84,971	86,131	86,834	87,435	88,069	88,732	89,477	90,288	91,142	92,077	93,070
% Ch	5.7%	6.0%	5.6%	3.3%	2.8%	2.9%	3.0%	3.4%	3.7%	3.8%	4.2%	4.4%
National (Thousands)	15,251	15,261	15,303	15,400	15,514	15,590	15,641	15,709	15,706	15,733	15,728	15,751
% Ch	1.3%	0.3%	1.1%	2.6%	3.0%	2.0%	1.3%	1.8%	-0.1%	0.7%	-0.1%	0.6%
WHOLESALE TRADE												
Idaho	27,459	27,816	28,150	28,342	28,502	28,672	28,852	29,057	29,283	29,521	29,785	30,066
% Ch	4.9%	5.3%	4.9%	2.8%	2.3%	2.4%	2.5%	2.9%	3.1%	3.3%	3.6%	3.8%
National (Thousands)	5,873	5,854	5,863	5,862	5,872	5,889	5,917	5,927	5,939	5,957	5,987	6,005
% Ch	0.0%	-1.3%	0.6%	-0.1%	0.7%	1.1%	1.9%	0.7%	0.8%	1.2%	2.0%	1.2%
STATE & LOCAL GOVERNMENT												
Idaho	101,966	102,352	102,644	103,181	103,639	103,916	104,183	104,399	104,629	104,907	105,209	105,528
% Ch	1.6%	1.5%	1.1%	2.1%	1.8%	1.1%	1.0%	0.8%	0.9%	1.1%	1.2%	1.2%
National (Thousands)	19,450	19,473	19,470	19,508	19,548	19,599	19,652	19,706	19,757	19,803	19,858	19,915
% Ch	1.1%	0.5%	-0.1%	0.8%	0.8%	1.0%	1.1%	1.1%	1.0%	0.9%	1.1%	1.1%
EDUCATION												
Idaho	53,219	53,505	53,687	54,057	54,402	54,566	54,733	54,911	55,099	55,318	55,550	55,782
% Ch	2.4%	2.2%	1.4%	2.8%	2.6%	1.2%	1.2%	1.3%	1.4%	1.6%	1.7%	1.7%
NONEDUCATION												
Idaho	48,748	48,847	48,957	49,124	49,237	49,350	49,450	49,488	49,530	49,589	49,659	49,745
% Ch	0.7%	0.8%	0.9%	1.4%	0.9%	0.9%	0.8%	0.3%	0.3%	0.5%	0.6%	0.7%
FEDERAL GOVERNMENT												
Idaho	12,558	12,580	12,595	12,608	12,620	12,631	12,639	12,647	12,655	12,663	12,729	12,869
% Ch	3.4%	0.7%	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	0.3%	2.1%	4.5%
National (Thousands)	2,716	2,718	2,718	2,719	2,719	2,720	2,720	2,721	2,721	2,722	2,732	2,756
% Ch	2.6%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	1.6%	3.5%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2006

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007**

MISCELLANEOUS

	Q1	2004 Q2	Q3	Q4	Q1	2005 Q2	Q3	Q4	Q1	2006 Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	108.190	109.172	109.744	110.610	111.558	112.229	113.139	114.048	114.967	115.905	116.414	116.805
% Ch	3.7%	3.7%	2.1%	3.2%	3.5%	2.4%	3.3%	3.3%	3.3%	3.3%	1.8%	1.4%
Consumption Expenditures	107.202	108.155	108.658	109.476	110.091	110.940	112.066	112.873	113.445	114.573	115.259	115.091
% Ch	3.7%	3.6%	1.9%	3.0%	2.3%	3.1%	4.1%	2.9%	2.0%	4.0%	2.4%	-0.6%
Durable Goods	91.043	91.105	90.581	90.649	90.709	90.570	89.908	89.605	89.385	89.206	88.968	88.549
% Ch	0.0%	0.3%	-2.3%	0.3%	0.3%	-0.6%	-2.9%	-1.3%	-1.0%	-0.8%	-1.1%	-1.9%
Nondurable Goods	106.014	107.561	107.865	109.030	109.325	110.604	113.016	113.177	113.484	115.769	116.442	114.267
% Ch	5.7%	6.0%	1.1%	4.4%	1.1%	4.8%	9.0%	0.6%	1.1%	8.3%	2.3%	-7.3%
Services	111.573	112.444	113.303	114.133	115.049	115.929	116.858	118.281	119.194	120.059	120.992	121.927
% Ch	3.5%	3.2%	3.1%	3.0%	3.2%	3.1%	3.2%	5.0%	3.1%	2.9%	3.1%	3.1%
Consumer Price Index	1.866	1.884	1.894	1.911	1.922	1.940	1.966	1.982	1.993	2.017	2.032	2.019
% Ch	3.7%	4.1%	2.1%	3.5%	2.5%	3.7%	5.5%	3.2%	2.2%	5.0%	2.9%	-2.5%

SELECTED INTEREST RATES

Federal Funds	1.0%	1.0%	1.4%	2.0%	2.5%	2.9%	3.5%	4.0%	4.5%	4.9%	5.2%	5.2%
NY Fed Discount	2.0%	2.0%	2.4%	2.9%	3.4%	3.9%	4.4%	5.0%	5.4%	5.9%	6.3%	6.3%
Prime	4.0%	4.0%	4.4%	4.9%	5.4%	5.9%	6.4%	7.0%	7.4%	7.9%	8.3%	8.3%
Existing Home Mortgage	5.6%	5.7%	5.8%	5.7%	5.8%	5.8%	5.8%	6.2%	6.4%	6.6%	6.8%	6.5%
U.S. Govt. 3-Month Bills	0.9%	1.1%	1.5%	2.0%	2.5%	2.9%	3.4%	3.8%	4.4%	4.7%	4.9%	4.9%
U.S. Govt. 6-Month Bills	1.0%	1.3%	1.7%	2.2%	2.8%	3.1%	3.6%	4.1%	4.5%	4.8%	5.0%	4.9%
U.S. Govt. 5-Year Notes	3.0%	3.7%	3.5%	3.5%	3.9%	3.9%	4.0%	4.4%	4.5%	5.0%	4.8%	4.6%
U.S. Govt. 10-Year Notes	4.0%	4.6%	4.3%	4.2%	4.3%	4.2%	4.2%	4.5%	4.6%	5.1%	4.9%	4.6%

SELECTED US PRODUCTION INDICES

Wood Products	103.5	105.3	105.1	105.5	106.4	105.0	105.4	113.4	109.5	106.3	103.6	99.5
% Ch	4.1%	7.0%	-0.5%	1.6%	3.4%	-5.2%	1.3%	34.0%	-12.9%	-11.4%	-9.7%	-15.0%
Computers & Electronic Products	123.3	127.8	134.2	137.7	146.1	151.8	159.6	169.4	173.9	180.8	190.6	199.9
% Ch	16.8%	15.4%	21.6%	10.9%	27.0%	16.2%	22.3%	27.0%	11.0%	16.9%	23.5%	21.1%
Food	99.7	100.9	101.5	101.2	102.5	102.7	103.2	104.3	105.9	106.4	107.3	107.8
% Ch	2.0%	4.9%	2.2%	-1.1%	5.3%	0.9%	1.7%	4.4%	6.2%	2.0%	3.3%	2.0%
Agricultural Chemicals	106.5	106.4	107.2	108.3	110.2	110.6	110.4	103.0	107.3	113.3	114.6	112.0
% Ch	9.6%	-0.4%	3.2%	4.0%	7.1%	1.8%	-1.0%	-24.3%	17.8%	24.5%	4.9%	-9.0%
Metal Ore Mining	91.8	92.3	94.5	97.2	100.2	101.8	100.9	98.5	101.2	102.8	105.1	106.8
% Ch	10.5%	2.3%	9.8%	12.0%	13.1%	6.5%	-3.4%	-9.4%	11.4%	6.6%	9.4%	6.4%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2007**

MISCELLANEOUS

	Q1	2007 Q2	Q3	Q4	Q1	2008 Q2	Q3	Q4	Q1	2009 Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	117.521	117.988	118.523	119.023	119.638	120.221	120.827	121.383	122.008	122.558	123.143	123.708
% Ch	2.5%	1.6%	1.8%	1.7%	2.1%	2.0%	2.0%	1.9%	2.1%	1.8%	1.9%	1.8%
Consumption Expenditures	115.781	116.352	116.954	117.516	118.108	118.643	119.234	119.793	120.405	120.933	121.516	122.072
% Ch	2.4%	2.0%	2.1%	1.9%	2.0%	1.8%	2.0%	1.9%	2.1%	1.8%	1.9%	1.8%
Durable Goods	88.182	88.032	87.973	87.886	87.811	87.730	87.652	87.546	87.466	87.375	87.279	87.147
% Ch	-1.6%	-0.7%	-0.3%	-0.4%	-0.3%	-0.4%	-0.4%	-0.5%	-0.4%	-0.4%	-0.4%	-0.6%
Nondurable Goods	115.030	115.600	116.212	116.799	117.317	117.681	118.166	118.601	119.173	119.526	119.992	120.432
% Ch	2.7%	2.0%	2.1%	2.0%	1.8%	1.2%	1.7%	1.5%	1.9%	1.2%	1.6%	1.5%
Services	122.853	123.611	124.376	125.090	125.890	126.671	127.488	128.281	129.092	129.871	130.689	131.484
% Ch	3.1%	2.5%	2.5%	2.3%	2.6%	2.5%	2.6%	2.5%	2.6%	2.4%	2.5%	2.5%
Consumer Price Index	2.034	2.045	2.056	2.066	2.077	2.086	2.096	2.106	2.116	2.125	2.134	2.143
% Ch	3.0%	2.1%	2.2%	2.0%	2.1%	1.8%	1.9%	1.8%	2.0%	1.6%	1.8%	1.8%

SELECTED INTEREST RATES

Federal Funds	5.3%	5.1%	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.8%	4.8%	4.8%
NY Fed Discount	6.3%	6.1%	5.6%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.8%	5.8%	5.8%
Prime	8.3%	8.1%	7.6%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.8%	7.8%	7.8%
Existing Home Mortgage	6.4%	6.4%	6.3%	6.3%	6.3%	6.4%	6.6%	6.8%	6.9%	7.1%	7.1%	7.1%
U.S. Govt. 3-Month Bills	5.0%	4.8%	4.5%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.6%	4.6%	4.6%
U.S. Govt. 6-Month Bills	5.0%	4.8%	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.7%	4.7%	4.7%
U.S. Govt. 5-Year Notes	4.5%	4.5%	4.4%	4.4%	4.5%	4.6%	4.8%	4.9%	5.1%	5.3%	5.3%	5.3%
U.S. Govt. 10-Year Notes	4.5%	4.5%	4.5%	4.5%	4.5%	4.7%	4.9%	5.1%	5.2%	5.4%	5.4%	5.4%

SELECTED US PRODUCTION INDICES

Wood Products	98.1	96.7	95.5	95.0	94.9	95.0	95.1	95.1	95.5	95.8	96.2	97.0
% Ch	-5.3%	-5.6%	-4.9%	-2.3%	-0.4%	0.6%	0.5%	0.0%	1.8%	1.1%	1.8%	3.2%
Computers & Electronic Products	205.0	210.0	215.3	220.6	226.0	231.5	236.9	242.5	248.4	254.6	261.1	267.7
% Ch	10.5%	10.2%	10.5%	10.4%	10.2%	10.1%	9.6%	9.7%	10.2%	10.3%	10.6%	10.5%
Food	108.2	108.6	109.1	109.6	110.1	110.7	111.2	111.7	112.2	112.7	113.3	113.8
% Ch	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.0%	1.9%	1.8%	1.8%	1.9%	1.9%
Agricultural Chemicals	111.7	111.5	111.4	111.4	111.4	111.5	111.5	111.6	111.7	111.9	112.0	112.1
% Ch	-0.8%	-0.7%	-0.5%	0.0%	0.0%	0.2%	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%
Metal Ore Mining	107.5	108.3	109.1	110.2	111.2	112.1	112.8	113.4	114.0	114.4	114.7	115.1
% Ch	2.9%	3.0%	3.0%	3.9%	3.7%	3.2%	2.7%	2.2%	1.8%	1.5%	1.3%	1.2%

APPENDIX

Global Insight Macro Model	Page 60
Idaho Economic Model	Page 62
Equations	Page 64
Endogenous Variables	Page 68
Exogenous Variables	Page 70

THE GLOBAL INSIGHT U.S. MACROECONOMIC MODEL

Global Insight's Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The Global Insight model is divided into the following eight major sectors:

- I Private Domestic Spending**
- II Production and Income**
- III Taxes**
- IV International Transactions**
- V Financial**
- VI Inflation**
- VII Supply**
- VIII Expectations**

- I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

Global Insight divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

- II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the nonprofit components of income mentioned above.

- III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.
- IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.
- V. **Financial.** The Global Insight model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.
- VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.
- VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.
- VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the Global Insight U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

**personal income = wage and salary payments + other labor
income + farm proprietors' income + nonfarm proprietors'
income + property income + transfer payments - contributions
for social insurance + residence adjustment.**

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly-aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 23 North American Industry Classification System employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of

endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from Global Insight's U.S. macroeconomic model.

Since the output of the IEM depends in large part upon the output of the Global Insight model, an understanding of the Global Insight model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the Global Insight model are discussed in the National Forecast section.

IDAHO ECONOMIC MODEL

$$EEA_ID = EEA_ID_GOODS + EEA_ID_NONGOODS$$

$$EEA_ID_2100 = 3668.828 + 34.859*ID0IP2122_2123 - 3419.780*(JULCNF/WPI10) - 17.357*TREND$$

$$EEA_ID_2300 = 16027.584 + 424.975*ID0HSPRS1_A + 364.264*ID0HSPRS1_A(-1) + 303.554*ID0HSPRS1_A(-2) \\ + 242.843*ID0HSPRS1_A(-3) + 182.132*ID0HSPRS1_A(-4) + 121.421*ID0HSPRS1_A(-5) \\ + 60.711*ID0HSPRS1_A(-6)$$

$$EEA_ID_3110 = 19673.150 + 224.653*MOVAV(IPSG311,4) - 306.175*MOVAV(IPSG311/EMN311,4) - \\ 45.495*TREND$$

$$EEA_ID_3230 = 2198.371 + 17.984*MOVAV(IPSG323,4) - 13.960*MOVAV((IPSG323/EMN323),8)$$

$$EEA_ID_3250 = 2372.281 + 15.982*MOVAV(IPSG3253(-1),4) - 1972.467*DUM951ON$$

$$EEA_ID_3320 = -1583.336 + 51.725*MOVAV(IPSG332,2)$$

$$EEA_ID_3330 = 1175.655 + 28.588*IPSG333 - 10.898*TREND$$

$$EEA_ID_3340 = 12511.226 + 152.754*MOVAV(IPSG3341,4) + 12.867*DUM911011*MOVAV(IPSG3341,4) \\ - 167.437*MOVAV((IPSG3341/EMD334),8)$$

$$EEA_ID_4200 = 6190.712 + 0.309*EEA_ID_44_45 - 25.326*TREND$$

$$EEA_ID_44_45 = 35099.331 + 290.126*MOVAV((YPADJ_ID/JPC),4) - 417.251*TREND$$

$$EEA_ID_48_49_22 = -6521.975 + 0.980*EEA_ID_4200 + 1.084*MOVAV(ID0KHU,4)$$

$$EEA_ID_5100 = -4902.892 + 39.825*MOVAV(IPSG51111,4) + 78.450*TREND$$

$$EEA_ID_52_53 = -9143.662 - 5668.533*DUM981ON + 2065.506*(DUM9801004*MOVAV(SP500/SP500(-2),2) \\ + 91.084*ID0KHU)$$

$$EEA_ID_54_55_56 = -36375.826 + 146.711*YPADJ_ID/JPC + 209.771*MOVAV(RADR,8)$$

$$EEA_ID_61_62 = -44541.096 + 52283.499*ID0NPT + 102.042*YPADJ_ID/JPC$$

$$EEA_ID_71_72 = -48456.406 + 125084.929*ID0NPT - 494.622*TREND$$

$$EEA_ID_8100 = 3215.379 + 45.383*MOVAV((YPADJ_ID/JPC),4) + 1254.517*DUM931964 - \\ 1208.890*DUM061ON$$

$$EEA_ID_DMANU = EEA_ID_WOOD + EEA_ID_3320 + EEA_ID_3330 + EEA_ID_3340 + EEA_ID_MFDNEC$$

$$EEA_ID_GOODS = EEA_ID_MANU + EEA_ID_2300 + EEA_ID_2100$$

$$EEA_ID_GV = EEA_ID_GVSL + EEA_ID_GVF$$

$$EEA_ID_GVF = -579.687 + 1071705.989*EG91*(ID0NPT/N)$$

$$EEA_ID_GVSL = EEA_ID_GVSLAD + EEA_ID_GVSLED$$

$$EEA_ID_GVSLAD = -614.947 + 28230.644*ID0NPT + 0.437*MOVAV(ID0YPTXB(-4),4)$$

$$EEA_ID_GVSLED = 10257.202 + 44744.554*ID0NPT*((N-N16A)/N) + 0.603*MOVAV(ID0YPTXB(-4),2) + 76.294*TREND$$

$$EEA_ID_MANU = EEA_ID_DMANU + EEA_ID_NMANU$$

$$EEA_ID_MFDNEC = -2863.896 + 117.932*MOVAV(ID0IPMFDNEC,2)$$

$$EEA_ID_MFNNEC = 976.030 + 1.597*(CNCSR+CNOOR) + 22.737*MOVAV(IPSG322,2)$$

$$EEA_ID_NMANU = EEA_ID_3110 + EEA_ID_3230 + EEA_ID_3250 + EEA_ID_MFNNEC$$

$$EEA_ID_NONGOODS = EEA_ID_SV + EEA_ID_4200 + EEA_ID_44_45 + EEA_ID_GV$$

$$EEA_ID_SV = EEA_ID_48_49_22 + EEA_ID_5100 + EEA_ID_52_53 + EEA_ID_54_55_56 + EEA_ID_61_62 + EEA_ID_71_72 + EEA_ID_8100$$

$$EEA_ID_WOOD = 17192.510 + 134.665*MOVAV(IPSG321,2) - 7044.284*(JULCNF/WPI08) - 44.622*IPSG321/EMD321 - 62.176*TREND$$

$$ID0AHEMF = -5.182 + 16.251*(EEA_ID_DMANU(-1)/EEA_ID_MANU(-1)*JULCNF) + 16.927*(EEA_ID_NMANU(-1)/EEA_ID_MANU(-1)*JULCNF)$$

$$ID0CRCROP = 10919.520 + 0.013*CRCROP + 406788.073*WPI01$$

$$ID0CRLVSTK = -242868.924 + 0.017*(CRCATCVS+CRDAIRY) + 9180.576*TREND$$

$$ID0EXFP = -51876.456 + 1033426.648*WPI01 + 19693.521*TREND$$

$$ID0HSPR = ID0HSPRS1_A + ID0HSPRS2A_A$$

$$\begin{aligned} \text{ID0HSPRS1_A} &= -39.154 - 0.780 * (\text{RMMTGEXIST} - \text{MOVAV}(\text{RMMTGEXIST}(-1),4)) \\ &+ 121.679 * (\text{MOVAV}(\text{ID0NPT}(-1),4) - \text{MOVAV}(\text{ID0NPT}(-5),4)) + 0.326 * \text{ID0KHU}(-1) - 0.503 * \text{TREND} \end{aligned}$$

$$\begin{aligned} \text{ID0HSPRS2A_A} &= 5.471 + 35.938 * (\text{MOVAV}(\text{ID0NPT}(-1),4) - \text{MOVAV}(\text{ID0NPT}(-5),4)) \\ &- 0.238 * \text{MOVAV}(\text{RMMTGEXIST},4) - 0.003 * \text{TREND} * \text{RMMTGEXIST} \end{aligned}$$

$$\text{ID0KHU} = \text{ID0KHU1} + \text{ID0KHU2A}$$

$$\text{ID0KHU1} = ((0.997)^{0.25}) * \text{ID0KHU1}(-1) + \text{ID0HSPRS1_A}/4$$

$$\text{ID0KHU2A} = ((0.997)^{0.25}) * \text{ID0KHU2A}(-1) + \text{ID0HSPRS2A_A}/4$$

$$\text{ID0NB} = -10.307 + 38.828 * \text{ID0NPT} - 0.157 * \text{TREND}$$

$$\text{ID0ND} = 0.910 + 5.752 * \text{ID0NPT} + 0.009 * \text{TREND}$$

$$\text{ID0NMG} = (\text{ID0NPT} - \text{ID0NPT}(-4)) - (\text{ID0NB} - \text{ID0ND})/1000$$

$$\text{ID0NPT} = 0.432 + 0.0000007 * \text{MOVAV}(\text{EEA_ID},4) + 0.004 * \text{TREND}$$

$$\text{ID0WBB\$} = \text{ID0WBBMF\$} + \text{ID0WBBOTH\$} + \text{ID0WBBCC\$} + \text{ID0WBBF\$} + \text{ID0WBBMIL\$}$$

$$\text{ID0WBBCC\$} = (\text{ID0WRWCC\$} * \text{EEA_ID_2300})/1000000$$

$$\text{ID0WBBF\$} = -120.362 + 310.874 * \text{WPI02}$$

$$\text{ID0WBBMF\$} = (\text{ID0WRWMF\$} * \text{EEA_ID_MANU})/1000000$$

$$\text{ID0WBBMIL\$} = 6.122 + 302.684 * (\text{ID0NPT}/N) * \text{GFMLCWSS}$$

$$\text{ID0WBBOTH\$} = \text{ID0WRWOTH\$} * (\text{EEA_ID} - \text{EEA_ID_2300} - \text{EEA_ID_MANU})/1000000$$

$$\text{ID0WRWCC\$} = 2611.879 + 2035.239 * \text{ID0AHEMF}$$

$$\text{ID0WRWMF\$} = -3266.566 + 3073.920 * \text{ID0AHEMF}$$

$$\text{ID0WRWOTH\$} = -11500.767 + 2766.567 * \text{ID0AHEMF}$$

$$\text{ID0YDIR\$} = -150.824 + 1.107 * (\text{YPAIN} + \text{ZADIV} + \text{YPRENTADJ}) * \text{MOVAV}(\text{ID0YP\$}(-1),4) / \text{MOVAV}(\text{YP}(-1),4)$$

$$\text{ID0YFC\$} = -23654.048 + 0.930 * \text{ID0YFC\$}(-1) + 35818.348 * \text{WPI01}$$

$$\text{ID0YINV_R\$} = -34431.500 + 0.818 * \text{ID0YINV_R\$}(-1) + 65808.355 * \text{WPI01}$$

$$ID0YP = ID0YP\$/JPC*100$$

$$ID0YP\$ = ID0WBB\$ + ID0YSUP\$ + ID0YDIR\$ + ID0YPRNF\$ + ID0YPRF\$ + ID0YTR\$ + ID0YRA\$ - ID0YSIS\$$$

$$ID0YP\$PC = ID0YP\$/ID0NPT$$

$$ID0YPNF = ID0YPNF\$/JPC*100$$

$$ID0YPNF\$ = ID0YP\$ - ID0YPRF\$ - ID0WBBF\$$$

$$ID0YPNFPC = ID0YPNF\$/JPC*100/ID0NPT$$

$$ID0YPPC = ID0YP/ID0NPT$$

$$ID0YPRF\$ = 141.549 + 0.167*((ID0CRCROP+ID0CRLVSTK+ID0YTRF\$+ID0YINV_R\$-ID0YFC\$-ID0EXFP)/1000) + 2.882*TREND$$

$$ID0YPRNF\$ = 66.965 + 4.299*YPPROPADJNF$$

$$ID0YPTXB = (ID0WBB\$ + ID0YPRNF\$ + ID0YDIR\$ + (ID0YPRF\$ - ID0YINV_R\$/1000))/JPC*100$$

$$ID0YRA\$ = -85.200 + 0.035*ID0WBB\$$$

$$ID0YSIS\$ = -31.834 + 2.290*TXSIEC*ID0WBB\$/YPCOMPWSD$$

$$ID0YSUP\$ = 42.241 + 1.575*YPCOMPSUPPAI*ID0WBB\$/YPCOMPWSD$$

$$ID0YTR\$ = -6.260 + 841.744*(YPTRFGF+YPTRFGSL)*(ID0NPT/N)$$

$$ID0YTRF\$ = 19018.071 + 0.011*TRF\$$$

$$IDWAGE = (ID0WBB\$ - ID0WBBF\$ - ID0WBBMIL\$/EEA_ID * 1000000$$

$$YPADJ_ID = ID0YPNF\$ + MOVAV(ID0YPRF\$,4) + MOVAV(ID0WBBF\$,4)$$

ENDOGENOUS VARIABLES

EEA_ID	Employment on nonagricultural payrolls, total
EEA_ID_2100	Employment in mining
EEA_ID_2300	Employment in construction
EEA_ID_3110	Employment in food processing
EEA_ID_3230	Employment in printing
EEA_ID_3250	Employment in chemicals
EEA_ID_3320	Employment in fabricated metal products
EEA_ID_3330	Employment in machinery
EEA_ID_3340	Employment in computers and electronic products
EEA_ID_4200	Employment in wholesale trade
EEA_ID_44_45	Employment in retail trade
EEA_ID_48_49_22	Employment transportation, warehousing, and utilities
EEA_ID_5100	Employment in information
EEA_ID_52_53	Employment in finance, insurance, and real estate
EEA_ID_54_55_56	Employment in professional, scientific, and technical services
EEA_ID_61_62	Employment in health care and educational services
EEA_ID_71_72	Employment in leisure and hospitality
EEA_ID_8100	Employment in other services
EEA_ID_DMANU	Employment in durable goods manufacturing
EEA_ID_GOODS	Employment in goods producing
EEA_ID_GV	Employment in government
EEA_ID_GVF	Employment in federal government
EEA_ID_GVSL	Employment in state and local government
EEA_ID_GVSLAD	Employment in state and local government, administration
EEA_ID_GVSLED	Employment in state and local government, education
EEA_ID_MANU	Employment in manufacturing
EEA_ID_MFDNEC	Employment in other durable manufacturing
EEA_ID_MFNNEC	Employment in other nondurable manufacturing
EEA_ID_NMANU	Employment in nondurable manufacturing
EEA_ID_NONGOODS	Employment in non-goods producing
EEA_ID_SV	Employment in services
EEA_ID_WOOD	Employment in wood products and logging
ID0AHEMF	Average hourly earnings in manufacturing
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NMG	Net in-migration of persons
ID0NPT	Resident population

ID0WBB\$	Wage and salary disbursements
ID0WBBCC\$	Wage and salary disbursements, construction
ID0WBBF\$	Wage and salary disbursements, farm
ID0WBBMF\$	Wage and salary disbursements, manufacturing
ID0WBBMIL\$	Wage and salary disbursements, military
ID0WBBOTH\$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_R\$	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 2000 dollars
ID0YP\$	Total personal income
ID0YP\$PC	Per capita personal income
ID0YPNF	Nonfarm personal income, 2000 dollars
ID0YPNF\$	Nonfarm personal income
ID0YPNFPC	Per capita nonfarm income, 2000 dollars
ID0YPPC	Real per capita personal income
ID0YPRF\$	Net farm proprietors' income
ID0YPRNF\$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 2000 dollars
ID0YRA\$	Residence adjustment, personal income
ID0YSI\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
IDWAGE	Average annual wage
YPADJ_ID	Adjusted total personal income

EXOGENOUS VARIABLES

CNCSR weighted	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain
CNOOR	Personal consumption expenditures, other nondurable goods, 2000 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops
CRDAIRY	Cash receipts, U.S. dairy
DUM911011 DUM911034 DUM931964 DUM9510N DUM98011004 DUM9810N TREND	These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or noneconomic event such as strikes, plant opening, or closures, unusual weather conditions, etc.
EG91	Employment in federal government
ENRM21	Employment in mining
GFMLCWSS	Federal government defense personnel outlays
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 2002=100.0
ID0IPMFDNEC	Industrial production index, other nondurable goods, 2002=100.0
IPSG21	Industrial production index, mining, 2002=100.0
IPSG311	Industrial production index, food, 2002=100.0
IPSG321	Industrial production index, wood products, 2002=100.0
IPSG322	Industrial production index, paper, 2002=100.0
IPSG323	Industrial production index, printing, 2002=100.0
IPSG3253	Industrial production index, agricultural chemicals, 2002=100.0
IPSG332	Industrial production index, fabricated metal products, 2002=100.0
IPSG333	Industrial production index, machinery, 2002=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 2002=100.0
IPSG51111	Industrial production index, newspaper publishing, 2002=100.0
JEXCHOITPREAL	Real US trade-weighted exchange rate with other important trading partners
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
JULCNF	Index of unit labor costs, nonfarm business sector, 1992=1.0
N	Population, U.S.
NP16	Population, U.S., aged 16 and older
RADR	Real research and development spending, 2000 dollars, chain weighted
RMMTGEXIST	Effective conventional mortgage rate, existing homes, combined lenders
SP500	Standard & Poor's 500 index of common stocks
TRF\$	Government payments to U.S. farms
TXSIEC	Personal contributions for social insurance, U.S.
WPI01	Producer price index, farm products, 1982=1.0
WPI02	Producer price index, processed foods and feeds, 1982=1.0
WPI08	Producer price index, lumber and wood products, 1982=1.0

WPI10	Producer price index, metals and metal products, 1982=1.0
YP	Personal income
YPAINT	Personal interest income
YPCOMPSUPPAI	Other labor income, U.S.
YPCOMPWSD	Wage and salary disbursements
YPPROPADJNF	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YPRENTADJ	Rental income of persons with capital consumption adjustment
YPTRFGF	Federal transfer payments to individuals
YPTRFGSL	State and local transfer payments to individuals
ZADIV	Dividends